P69

HEARINGS ON PLANT CLOSING PROBLEMS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
LABOR-MANAGEMENT RELATIONS

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 5040

TO REQUIRE BUSINESS CONCERNS WHICH UNDERTAKE CHANGES OF OPERATIONS TO GIVE NOTICE TO THE SECRETARY OF LABOR, AND TO AFFECTED LABOR ORGANIZATIONS, EMPLOYEES, AND LOCAL GOVERNMENTS; TO REQUIRE BUSINESS CONCERNS TO PROVIDE ASSISTANCE TO EMPLOYEES WHO SUFFER AN EMPLOYMENT LOSS CAUSED BY CHANGES OF OPERATIONS; TO AUTHORIZE THE SECRETARY OF LABOR TO PROVIDE ASSISTANCE TO SUCH BUSINESS CONCERNS, AND TO SUCH AFFECTED EMPLOYEES AND LOCAL GOVERNMENTS; AND FOR OTHER PURPOSES

HEARINGS HELD IN MISSOULA, MONT., AUGUST 16; EUGENE, OREG., AUGUST 18, 1980

Printed for the use of the Committee on Education and Labor

NEWARK PUBLIC LIBRARY

JAN 27 1981

U. S. GOVT. PUBS.
DEPOSITORY 376

Y4.Ed 8/1:

HEARINGS ON PLANT CLOSING PROBLEMS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 5040

TO REQUIRE BUSINESS CONCERNS WHICH UNDERTAKE CHANGES OF OPERATIONS TO GIVE NOTICE TO THE SECRETARY OF LABOR, AND TO AFFECTED LABOR ORGANIZATIONS, EMPLOYEES, AND LOCAL GOVERNMENTS; TO REQUIRE BUSINESS CONCERNS TO PROVIDE ASSISTANCE TO EMPLOYEES WHO SUFFER AN EMPLOYMENT LOSS CAUSED BY CHANGES OF OPERATIONS; TO AUTHORIZE THE SECRETARY OF LABOR TO PROVIDE ASSISTANCE TO SUCH BUSINESS CONCERNS, AND TO SUCH AFFECTED EMPLOYEES AND LOCAL GOVERNMENTS; AND FOR OTHER PURPOSES

HEARINGS HELD IN MISSOULA, MONT., AUGUST 16; EUGENE, OREG., AUGUST 18, 1980

Printed for the use of the Committee on Education and Labor

U.S. GOVERNMENT PRINTING OFFICE

67-746 O WASHINGTON: 1980

COMMITTEE ON EDUCATION AND LABOR

CARL D. PERKINS, Kentucky, *Chairman*

FRANK THOMPSON, Jr., New Jersey
JOHN BRADEMAS, Indiana
AUGUSTUS F. HAWKINS, California
WILLIAM D. FORD, Michigan
PHILLIP BURTON, California
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
MARIO BIAGGI, New York
IKE ANDREWS, North Carolina
PAUL SIMON, Illinois
EDWARD P. BEARD, Rhode Island
GEORGE MILLER, California
MICHAEL O. MYERS, Pennsylvania
AUSTIN J. MURPHY, Pennsylvania
TED WEISS, New York
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
PETER A. PEYSER, New York
EDWARD J. STACK, Florida
PAT WILLIAMS, Montana
WILLIAM R. RATCHFORD, Connecticut
RAY KOGOVSEK, Colorado
RAPHAEL MUSTO, Pennsylvania

JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
JOHN H. BUCHANAN, Jr., Alabama
JAMES M. JEFFORDS, Vermont
WILLIAM F. GOODLING, Pennsylvania
MICKEY EDWARDS, Oklahoma
E. THOMAS COLEMAN, Missouri
KEN KRAMER, Colorado
ARLEN ERDAHL, Minnesota
THOMAS J. TAUKE, Iowa
DANIEL B. CRANE, Illinois
JON HINSON, Mississippi
THOMAS E. PETRI, Wisconsin

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

FRANK THOMPSON, Jr., New Jersey, *Chairman*

WILLIAM (BILL) CLAY, Missouri
JOHN BRADEMAS, Indiana
WILLIAM D. FORD, Michigan
GEORGE MILLER, California
PHILLIP BURTON, California
DALE E. KILDEE, Michigan
TED WEISS, New York
RAY KOGOVSEK, Colorado
MARIO BIAGGI, New York
PETER A. PEYSER, New York
CARL D. PERKINS, Kentucky,
(Ex Officio)

JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
KEN KRAMER, Colorado
DANIEL B. CRANE, Illinois
JON HINSON, Mississippi
THOMAS E. PETRI, Wisconsin

CONTENTS

Hearings held in: Page

Missoula, Mont., August 16, 1980 1

Eugene, Oreg. August 18, 1980 265

Summary of H.R. 5040 64

Text of H.R. 5040 3

Statement of—

Altucker, John, representing Association of Oregon Industries 345

Barker, Gary, labor economist, Oregon State Employment Division 385

Barrett, Fred, administrator, Employment Security Division, Montana Department of Labor and Industry 75

Baugh, Bob, researcher and labor educator, Department of Research Education and Collective Bargaining Coordination, International Woodworkers of America, AFL-CIO and CLC International Headquarters, Portland, Oreg 307

Bock, Donald, executive director, Coos Bay Chamber of Commerce 391

Botkin, Mary, Portland Plant Closure Committee 440

Botkin, Michael, Portland Plant Closure Committee 435

Bowlin, Michael R., vice president for employee relations, Anaconda Copper Co 91

Brueggeman, Nita, Amalgamated Clothing & Textile Workers Union, Wenatchee, Wash 460

Burnett, Ralph, president, IWA Local 3-130, Centralia, Wash 291

Byers, Red, Pacific Northwest Joint Board of ACTWU 462

Carter, Shorty, Lane County Coalition to Save Jobs 451

Clay, Hon. William (Bill), a Representative in Congress from the State of Missouri 69

Coleman, Nate, Lane Plywood, Inc 466

Deutsch, Steven, professor of sociology, University of Oregon 432

Hilyard, Doug, city manager, city of Coos Bay 393

Howard, V. M., Seneca Sawmill Co 474

Hulett, Fred, millworker, Willamina, Oreg 410

Johnson, Keith, president, International Woodworkers of America 287

Kennedy, R. G. "Bob", president, Oregon AFL-CIO 342

Kimbrell, Frank, president, Coos Bay local, IWA 397

Kulongoski, Hon. Ted, State senator, State of Oregon 271

Lamb, Millard, international representative, United Paperworkers International 102

Landis, Rev. Ned, Willamina, Oreg 405

Lantto, Jerry, president, Regional Council, IWA, Coos Bay, Oreg 396

Lewis, Terry, Springfield Fair Share 457

McCurry, Kay, millworker, Willamina, Oreg 407

Miranda, Ralph, secretary-treasurer, International Woodworkers of America, Local 3-64, McCloud, Calif 330

Murray, Tom, president, Local No. 2-491 Oil, Chemical & Atomic Workers, Great Falls, Mont 261

Murry, James W., executive secretary, Montana State AFL-CIO 96

Palmer, Jim, educational service representative, Montana Office of Public Instruction 88

Pedersen, Mel, business manager, Boilermakers Local No. 130, secretary-treasurer, Butte Metal Trades Department, chairman, Joint Strike Committee 190

Pemberton, John, former sander-grader, Evans Products Co., member of the standing committee, Local No. 1145, United Paperworkers International 110

best copy available

Statement of—Continued — Page

Peoples, Donald R., chief executive, Butte-Silver Bow government — 70
Preston, Garry, president, Machinists' Union, Anaconda, Mont — 119
Rich, Brent, Cuddeback Lumber Co — 473
Schmidt, Bub, director, Marion/Yamhill Community Action Program — 409
Shatto, Wayne, president, United Paperworkers International, Local No. 1145 — 108
Stein, Bev, attorney, Oregon Ratepayers Union — 453
Swanson, Ray C., Swanson Bros. Lumber Co — 475
Thomas, William, assistant professor, School of Social Work, Portland State University — 423
Thompson, James A., regional vice president, Association of Pulp & Paper Workers, Portland, Oreg — 375
Tichigelaar, Jim, former president, United Steelworkers Local No. 8175 — 403
Webber, Margaret, executive board, Seafood Workers 554–P, United Food & Commercial Workers, Astoria, Oreg — 461
Whiston, John, recording secretary, local No. 3038, Bonner, Mont., representing Inland Empire District Council, Lumber, Production & Industrial Workers — 115
Williams, Hon. Pat, a Representative in Congress from the State of Montana — 266
Wooten, Cynthia, legislative assistant to Hon. Jim Weaver, a Representative in Congress from the State of Oregon — 266
Yockey, Roger, executive director, Council 75, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME), and president, Oregon Federation of Public Employees, Salem, Oreg — 480

Prepared statements, letters, supplemental materials, etc.—
Barker, Gary, labor economist, Oregon State Employment Division, prepared statement of — 378
Barrett, Fred, administrator, Employment Security Division, Montana Department of Labor and Industry; "An Economic Impact, Plant Closures:" report entitled — 79
Baugh, Bob, researcher and labor educator, Department of Research Education and Collective Bargaining Coordination, International Woodworkers of America, AFL-CIO and CLC International Headquarters:
Prepared statement of — 192
"Shutdown: Mill Closures & Woodworkers," report entitled — 216
Bock, Donald D., manager, Bay Area Chamber of Commerce, Coos Bay, Oreg.; prepared testimony of — 388
Botkin, Mary, Portland, Oreg.; prepared statement of — 438
Botkin, Michael L., Portland, Oreg.; prepared statement of — 434
Brookins, Jack E., president, Southwestern Oregon Community College, letter to Chairman Clay, dated August 14, 1980 — 395
Brueggeman, Nita M., field representative, Pacific Northwest Joint Board, Amalgamated Clothing & Textile Workers Union, AFL-CIO, CLC; prepared testimony of — 458
Burnett, Ralph, executive board member, Washington State Labor Council, AFL-CIO, prepared statement of — 290
Carter, Shorty, Lane Coalition To Save Jobs; prepared statement of — 443
Coleman, Nathan W., president and general manager, Lane Plywood, Inc., Eugene, Oreg.; prepared statement of — 464
Deutsch, Steven, professor, Labor Education and Research Center, University of Oregon in Eugene; prepared statement by — 425
Frederick, Karl, employe benefits director, Associated Oregon Industries; prepared statement of — 346
Johnson, Keith W., president, International Woodworkers of America; prepared statement of — 281
Kennedy, R. G. "Bob", president, Oregon AFL-CIO; prepared testimony by — 336

Prepared statements, letters, supplemental materials, etc.—Continued
Kulongoski, Hon. Ted, State senator, State of Oregon; Senate bill 729 ..... Page 278
Lamb, Millard, international representative, United Paperworkers International:
Annual meeting report, 1980 105
Bickerton, W. R., general manager, Evans Products Co.:
Memo to all Evans employees, re: Missoula lumber and plywood mills, dated April 24, 1980 104
Memo to all Evans employees, re: Missoula operations announcement, dated October 15, 1979 104
"Evans, Boise Cascade, Record Profits Listed," newspaper article entitled 105
"Evans Mill Closure a Saga of Hard Breaks," newspaper article entitled 106
Lewis, Terry, Springfield Fair Share; prepared testimony of 455
Miranda, Ralph A., secretary-treasurer and business agent, International Woodworkers of America, Local 3-64, McCloud, Calif.
Baldi, Fuzz, California area lumber production manager, Champion Building Products; "Employee Notice," dated June 18, 1979 305
Butler, William E., vice president and general manager, U.S. Plywood, Division of Champion International:
Letter from W. J. Murphy, dated August 21, 1975 300
Letter to W. J. Murphy, dated August 26, 1975 302
Caley, Doug, industrials relations manager, Champion Building Products:
Letter from Ralph A. Miranda, dated June 18, 1979 306
Letter from Ralph A. Miranda, dated September 7, 1979 308
Letter to Ralph Miranda, dated September 11, 1979 309
Letter to Ralph Miranda, dated September 21, 1979 317
Letter from Ralph Miranda, dated September 24, 1979 320
Champion International Corp.:
"Champion International Announces Closing of McCloud Sawmill," dated September 21, news article entitled 318
"Champion International Considering Closure of McCloud Sawmill," dated September 11, news article entitled 310
Meeting with Champion International, October 5, 1979 321
Memorandum of agreement 322
White paper, "As a result of an in-depth feasibility study, * * *" 312
Ford, Kenneth W., president, Roseburg Lumber Co.; "Notice To All Hourly Employees," dated September 12, 1979 329
Kimberly-Clark Corp.:
Northern California properties, statement regarding 325
Roseburg Lumber Co. announcement, dated July 31, 1979 326
"McCloud Cutstock Plant Shut Down," newspaper article entitled 307
Mims, Hank, personnel manager, Kimberly Clark-Shasta Division; letter to, dated September 13, 1979 327
Ransom, W. R., division vice president and general manager, "Notice To All Hourly Employees," news bulletin dated September 12, 1979 328
Prepared testimony of 294
Murray, Tom, president, and Ray Benegas, secretary treasurer, Oil, Chemical & Atomic Workers International Union, Local 2-491:
"Air Base, Air Guard Eyed for Expansion," newspaper article entitled 259
"Phillips Oil Refinery Here May Be Closed," newspaper article entitled 260
Prepared statement of 256

READEX FICHE

Prepared statements, letters, supplemental materials, etc.—Continued
Preston, Garry L., president, Local Lodge No. 20, International Association of Machinists & Aerospace Workers: Page
Additional statement submitted by 127
ArcoSpark, publication entitled:
Vol. 8, No. 30/August 1, 1980 130
Vol. 8, No. 31/August 8, 1980 145
Cooney, Mike, staff assistant to Senator Max Baucus letter dated July 25, 1980 129
Lutey, Gene, president, Anaconda Chamber of Commerce; letter to Congressman Williams and committee, dated August 15, 1980 126
Mecham, L. Ralph, vice president, the Anaconda Co.; letter to Senator Max Baucus, dated July 18, 1980 128
Prepared statement submitted by 123
U.S. Department of the Interior, Bureau of Mines Report of Investigation/1976, "Smelting of Arseniferous Cooper Concentrate in an Electric-Arc Furnance"; report entitled 157
Rich, F. Brent, general counsel, Cuddeback Lumber Co., Eugene, Oreg.; prepared statement by 468
Stein, Beverly, attorney, the Ratepayers Union; prepared testimony presented by 452
Thomas, William B., assistant professor of social work, Portland State University; prepared testimony of 413
Thompson, James A., general vice president, Association of Western Pulp & Paper Workers:
Letter to Representative Hawkins, dated February 4, 1980 363
Paper for plant closure conference, June 20–22, 1980 368
Prepared statement of 360
Testimony submitted, dated August 5, 1980 364
Tichgelaar, Jim, former president, United Steelworkers Local No. 8175:
Formal testimony by 400
Prepared testimony by 399
Weaver, Hon. Jim, a Representative in Congress from the State of Oregon; prepared testimony of 267
Yockey, Roger, executive director, Oregon Public Employees Council 75, American Federation of State, County and Municipal Employees AFL-CIO (AFSCME); prepared statement of 477

APPENDIX

Communist Party, U.S.A., Oregon District, Portland, Oreg.; prepared statement of 500
"House Panel Due in Eugene, Hearing Set on Plant Closures," newspaper article entitled 497
Oregon—Statewide, local—Lane County (general fact sheet) 495
Satterlee, Royce, Whitefish, Mont.; letter to Committee on Education and Labor, with enclosures, dated August 21, 1980 483
Snow, Don, staff director, the Montana Environmental Information Center; letter to Representative Ford, enclosing testimony, dated August 22, 1980 490
Webber, Margaret, executive board, Seafood Workers 554-P, United Food & Commercial Workers AFL-CIO-CLC, Astoria, Oreg.; letter to Chairman Clay, dated August 27, 1980 498

HEARINGS ON PLANT CLOSING PROBLEMS

SATURDAY, AUGUST 16, 1980

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS,
COMMITTEE ON EDUCATION AND LABOR,
Missoula, Mont.

The subcommittee met at 9:30 a.m., pursuant to notice, in the East Auditorium, Montana Power Co. Building, Missoula, Mont., Hon. William (Bill) Clay, presiding.

Members present: Representatives William Clay and Pat Williams.

Staff present: Fred Feinstein, counsel to subcommittee; and Edie Baume, minority counsel for labor.

Mr. WILLIAMS. This is a field hearing on H.R. 5040 and plant closure problems. The Labor-Management Subcommittee acting chairman, Congressman William Clay of Missouri, will be here. He's been delayed with difficulty in plane connections in Great Falls, but he is on his way.

A serious, and, in Montana, an increasingly chaotic problem potentially exists due to plant closures. Sudden closures undertaken virtually without warning can and have had devastating social and economic costs, whether it be a timber mill, smelter, or refinery. The unexpected closure results in a depleted tax base leaving community services and schools underfinanced, and heavy unemployment claims. The remaining taxpayers foot the bill. It is the individual worker and family who suffer the greatest costs. They are left without salary, health insurance, and their pensions can be lost. Serious psychological and health problems can affect the displaced worker. Although the impact of plant closure is most heavily felt locally, it is a national concern. Several States are considering legislation to regulate economic disinvestment, but the Congress must also determine if the solution should be found at the national level.

The purpose of these hearings in Montana and Oregon is to sort out the specific obligations and responsibilities of industry, the workers, local, State, and national governments, each to the other. I want to hear of the difficulties with which industry is faced, both economic and regulatory. I want to find the proper role of government, and finally we want to hear from the workers and their representatives, about the difficulties arising from plant closures or from the threat of plant closures and about what responsibilities they have to employers.

I want to welcome all of the witnesses here today, those representing government, the workers, and industry. I personally regret that

pages tightly bound

more companies did not choose to send representatives. All were welcome.

The following companies were specifically invited but decided not to appear as witnesses: Champion International, Evans Products, and Phillips Refinery, which, as you know, has just announced they may close the refinery soon in Great Falls.

I do want to add, however, that the hearing record will remain open until September 5, and we invite the above companies and anyone interested and concerned with this issue of plant closures to submit written comments and materials, which the chairman will be happy to include in the hearing record.

A copy of the bill and of the staff analysis of it will be given in the record at this point.

[The text and summary of H.R. 5040 follow:]

I

96TH CONGRESS
1ST SESSION

H. R. 5040

To require business concerns which undertake changes of operations to give notice to the Secretary of Labor, and to affected labor organizations, employees, and local governments; to require business concerns to provide assistance to employees who suffer an employment loss caused by changes of operations; to authorize the Secretary of Labor to provide assistance to such business concerns, and to such affected employees and local governments; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1979

Mr. FORD of Michigan (for himself, Mr. CONYERS, Mr. WOLPE, Mr. CARR, Mr. KILDEE, Mr. TRAXLER, Mr. BONIOR of Michigan, Mr. DIGGS, Mr. NEDZI, Mr. DINGELL, Mr. BRODHEAD, Mr. BLANCHARD, Mr. PERKINS, Mr. HAWKINS, Mr. THOMPSON, Mr. CLAY, Mr. GAYDOS, Mr. BRADEMAS, Mr. PHILLIP BURTON, Mr. SIMON, Mr. REUSS, Mr. VENTO, Mr. ROE, Mr. BAILEY, Mr. OBERSTAR, Mr. PRICE, Mr. MOAKLEY, Mr. JOHN L. BURTON, Mr. SABO, Mr. RANGEL, Mr. MURPHY of Pennsylvania, Mr. BROWN of California, Mr. STARK, Mr. FLOOD, Mr. RODINO, Mr. MILLER of California, Mr. STOKES, Mr. DODD, Mr. PATTEN, Mr. EDWARDS of California, Mr. DOWNEY, Mr. DASCHLE, Mr. MURPHY of Illinois, Mr. LEDERER, Mr. GRAY, Mr. SOLARZ, Mr. MAGUIRE, and Mr. ZABLOCKI) introduced the following bill; which was referred jointly to the Committees on Education and Labor and Banking, Finance and Urban Affairs

---

A BILL

To require business concerns which undertake changes of operations to give notice to the Secretary of Labor, and to affected labor organizations, employees, and local governments; to require business concerns to provide assistance to

Delete sponsor: Mr. DASCHLE (November 1, 1979)

JANUARY 23, 1980

Additional sponsors: Mr. GUARINI and Mr. MAVROULES

MAY 14, 1980

Additional sponsors: Mr. MINISH, Mr. PEASE, and Mr. BEARD of Rhode Island

---

A BILL

To require business concerns which undertake changes of operations to give notice to the Secretary of Labor, and to affected labor organizations, employees, and local governments; to require business concerns to provide assistance to employees who suffer an employment loss caused by changes of operations; to authorize the Secretary of Labor to provide assistance to such business concerns, and to such affected employees and local governments; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE; TABLE OF CONTENTS

4 SECTION 1. This Act may be cited as the "National
5 Employment Priorities Act of 1979".

TABLE OF CONTENTS

Sec. 1. Short title, table of contents.
Sec. 2. Findings and purpose.
Sec. 3. Definitions.
Sec. 4. Notice of intent to change operations.
Sec. 5. Investigation of intended change of operations.
Sec. 6. Report of investigation.
Sec. 7. Ineligibility of certain employees for assistance.
Sec. 8. Statement of employment status.
Sec. 9. Transitional assistance by business concerns.
Sec. 10. Secondary liability.

Sec. 21. General powers of Secretary.
Sec. 22. Implementation of employment policies through National Employment Priorities Administration.
Sec. 23. National Employment Priorities Administration.
Sec. 24. National Employment Priorities Advisory Council.
Sec. 25. Amendments to other laws.
Sec. 26. Authorization of appropriations.

1 FINDINGS AND PURPOSE

2 SEC. 2. (a) The Congress finds that—

3 (1) unemployment is a major economic and social
4 problem which causes great loss to individuals, commu-
5 nities, and the Nation,

6 (2) irresponsible and unnecessary changes of oper-
7 ations at establishments of business concerns disrupt
8 commerce and cause unemployment to increase drasti-
9 cally in local areas, and

10 (3) economic planning is needed to avert the
11 dislocation of employment opportunities, and new
12 mechanisms of public control are needed to ensure that
13 private investment decisions conform more closely to
14 employee and community needs.

15 (b) It is the purpose of this Act to prevent or minimize
16 the harmful economic and social effects of unemployment on
17 employees and on local governments caused when business
18 concerns undertake changes of operations.

19 DEFINITIONS

20 SEC. 3. For purposes of this Act:

1 private investment decisions conform more closely to
2 employee and community needs.
3 (b) It is the purpose of this Act to prevent or minimize
4 the harmful economic and social effects of unemployment on
5 employees and on local governments caused when business
6 concerns undertake changes of operations.

7 DEFINITIONS

8 SEC. 3. For purposes of this Act:
9 (1) The term "Administration" means the
10 National Employment Priorities Administration estab-
11 lished in section 33(a).
12 (2) The term "Administrator" means the Admin-
13 istrator of the National Employment Priorities Admin-
14 istration.
15 (3) The term "beneficiary" shall have the mean-
16 ing given it in section 3(8) of the Employee Retirement
17 Income Security Act of 1974 (29 U.S.C. 1002(8)).
18 (4) The term "business concern" means any
19 person who directly or indirectly owns a controlling in-
20 terest in, or controls, a commercial enterprise which
21 has an annual gross volume of sales made or business
22 done of not less than $250,000.
23 (5) The term "change of operations" means the
24 transfer of any operation from an establishment or the
25 termination of any operation.

1 (8) The term "employee benefit plan" shall have
2 the meaning given it in section 3(3) of the Employee
3 Retirement Income Security Act of 1974 (29 U.S.C.
4 1002(3)).

5 (9) The term "employee pension benefit plan"
6 shall have the meaning given it in section 3(2) of the
7 Employee Retirement Income Security Act of 1974
8 (29 U.S.C. 1002(2)) but shall not include a multiem-
9 ployer plan.

10 (10) The term "employee welfare benefit plan"
11 shall have the meaning given it in section 3(1) of the
12 Employee Retirement Income Security Act of 1974
13 (29 U.S.C. 1002(1)) but shall not include a multiem-
14 ployer plan.

15 (11) The term "employment loss" means with re-
16 spect to an employee—

17 (A) the failure of such employee to receive
18 for each week in any 26-week period from any
19 business concern which employs him, wages that
20 equal or exceed 85 percent of the average of the
21 wages paid by such business concern to such em-
22 ployee for the 26-week period immediately pre-
23 ceding the first such week, or

1 business concern which employs him, wages that
2 equal or exceed 85 percent of the average of the
3 wages paid by such business concern to such em-
4 ployee for the 26-week period immediately pre-
5 ceding the first such week, or
6 (B) the suspension or termination of the em-
7 ployment of such employee by such business con-
8 cern, which is in effect 26 consecutive weeks,
9 if such failure, suspension, or termination is caused by
10 such business concern when such business concern un-
11 dertakes a change of operations ordinarily performed at
12 the establishment where such employee is employed.
13 (12) The term "establishment" means—
14 (A) any factory, plant, mine, business office,
15 facility, or other single working place, or
16 (B) the functional equivalent of such working
17 place,
18 at which the average of the number of employees em-
19 ployed on the last working day of each month in the
20 calendar year immediately preceding the date the
21 change of operations involved is undertaken exceeds
22 50.
23 (13) The term "executive agency" shall have the
24 meaning given it in section 105 of title 5, United
25 States Code.

1 (15) The term "multiemployer plan" shall have
2 the meaning given it in section 3(37) of the Employee
3 Retirement Income Security Act of 1974 (29 U.S.C.
4 1002(37)).
5 (16) The term "nonforfeitable" shall have the
6 meaning given it in section 3(19) of the Employee Re-
7 tirement Income Security Act of 1974 (29 U.S.C.
8 1002(19)).
9 (17) The term "normal retirement age" shall have
10 the meaning given it in section 3(24) of the Employee
11 Retirement Income Security Act of 1974 (29 U.S.C.
12 1002(24)).
13 (18) The term "normal retirement benefit" shall
14 have the meaning given it in section 3(22) of the Em-
15 ployee Retirement Income Security Act of 1974 (29
16 U.S.C. 1002(22)).
17 (19) The term "Secretary" means the Secretary
18 of Labor.
19 (20) The term "State" means the several States,
20 the District of Columbia, and any territory or posses-
21 sion of the United States.
22 (21) The term "taxable year" shall have the
23 meaning given it in section 7701(a)(23) of the Internal
24 Revenue Code of 1954 (defining taxable year).

1 (21) The term "taxable year" shall have the
2 meaning given it in section 7701(a)(23) of the Internal
3 Revenue Code of 1954 (defining taxable year).

4 NOTICE OF INTENT TO CHANGE OPERATIONS

5 SEC. 4. (a) Whenever a business concern intends to un-
6 dertake a change of operations at an establishment and such
7 business concern determines, or reasonably should have de-
8 termined, that the number of employees at such establish-
9 ment who will suffer an employment loss in any 18-month
10 period, as a result of such change of operations, equals or
11 exceeds the lesser of 100 employees or 15 percent of the
12 employees at such establishment, then such business concern
13 shall give written notice, in accordance with subsection (b), of
14 such intended change of operations.

15 (b)(1) The notice required in subsection (a) shall include
16 a statement of—

17 (A) the nature of the establishment at which the
18 change of operations described in subsection (a) is to be
19 undertaken,

20 (B) the reasons for undertaking such change of
21 operations at such establishment,

22 (C) any alternative to undertaking such change of
23 operations,

1 (F) any plan to minimize the effects of such
2 change of operations on employees at such establish-
3 ment and on any unit of general local government
4 having jurisdiction of the geographical area in which
5 such establishment is located,
6 (G) the economic circumstances of such establish-
7 ment, including the level of profitability of operations
8 at such establishment, and any plans for future invest-
9 ment, employment, and production at such establish-
10 ment,
11 (H) the economic circumstances of such business
12 concern and the feasibility of transferring employees
13 affected by such change of operations to other estab-
14 lishments of such business concern, and
15 (I) the names and addresses of all employees who
16 will suffer an employment loss as a result of such
17 change of operations.
18 (2) The notice required in subsection (a) shall be given
19 to the Secretary of Labor, to the employees and any repre-
20 sentative of any affected labor organization at such establish-
21 ment, and to such units of general local government as the
22 Secretary may require by rule.
23 (3)(A) Except as provided in subparagraph (B) and sub-
24 paragraph (C), the notice required in subsection (a) shall be
25 given before the business concern involved takes any action,

67-746 O - 81 - 2

1 ment, and to such units of general local government as the
2 Secretary may require by rule.
3 (3)(A) Except as provided in subparagraph (B) and sub-
4 paragraph (C), the notice required in subsection (a) shall be
5 given before the business concern involved takes any action,
6 in connection with any intended change of operations, to
7 reduce the weekly wage, or to suspend or terminate the em-
8 ployment, of any employee and—
9 (i) not later than 2 years before taking such
10 action, if 500 or more employees at such establishment
11 will suffer an employment loss resulting from such
12 change of operations,
13 (ii) not later than 18 calendar months before
14 taking such action, if the number of employees who
15 will suffer such employment loss equals or exceeds
16 100, but is less than 500, or
17 (iii) not later than 6 calendar months before
18 taking such action, if the number of employees who
19 will suffer such employment loss is less than 100.
20 (B) Upon the request of such business concern, the Sec-
21 retary may allow such business concern to give the notice
22 required in subsection (a) at a time later than the time re-
23 quired in subparagraph (A), but only if the Secretary finds
24 that an increase in the number of employees at such estab-
25 lishment within the applicable time period required in such

1 section (a) to comply with the applicable requirement in sub-
2 paragraph (A), then such business concern shall give such
3 notice—
4 (i) not later than 30 days after such change of op-
5 erations begins if such change of operations begins in
6 the 60-day period beginning on the date of the enact-
7 ment of this Act, or
8 (ii) not later than 30 days after the date of the
9 enactment of this Act if such change of operations
10 begins after the expiration of such 60-day period.
11 (c) Not later than 30 days after the Secretary receives
12 the notice required in subsection (a), the Secretary shall
13 inform each employee at the establishment with respect to
14 which such notice is given, of—
15 (1) all rights such employee may have to receive
16 assistance under section 9 from the business concern
17 involved, and
18 (2) the protection, services, and assistance availa-
19 ble to such employee under this Act.
20 INVESTIGATION OF INTENDED CHANGE OF OPERATIONS
21 SEC. 5. (a) In the case of any change of operations at an
22 establishment with respect to which notice is required in sec-
23 tion 4(a)—
24 (1) the Secretary shall conduct an investigation
25 into, and shall hold public hearings on, the matters de-

1 INVESTIGATION OF INTENDED CHANGE OF OPERATIONS

2 SEC. 5. (a) In the case of any change of operations at an
3 establishment with respect to which notice is required in sec-
4 tion 4(a)—

5 (1) the Secretary shall conduct an investigation
6 into, and shall hold public hearings on, the matters de-
7 scribed in subsection (b) if the Secretary receives, not
8 later than 60 days after such notice is given, a written
9 request for such investigation from any authorized rep-
10 resentative of any affected labor organization, or from
11 not less than 10 percent of the employees, at such es-
12 tablishment, and

13 (2) the Secretary may conduct an investigation
14 into, and may hold hearings closed to the public on,
15 the matters described in subsection (b), without regard
16 to whether such notice is given, if—

17 (A) the Secretary determines that such in-
18 vestigation would serve the purpose of this Act,
19 or

20 (B) the Secretary receives a request for such
21 investigation from not less than 50 percent of the
22 employees at such establishment.

23 (b) An investigation conducted by the Secretary under
24 subsection (a) shall be directed to the following matters:

1 will suffer an employment loss as a result of such
2 change of operations.
3 (3) The estimated extent of any economic or
4 social loss to any affected unit of general local govern-
5 ment and to any affected person in the geographical
6 area in which such establishment is located.
7 (4) The recommendations of any authorized repre-
8 sentative of any affected labor organization at such es-
9 tablishment, any representative of any affected unit of
10 general local government, and any other interested
11 person.
12 (5) The feasibility of preventing or minimizing
13 such employment loss by the modification of product
14 lines and production techniques at such establishment.
15 (c)(1) For the purpose of conducting any investigation
16 under subsection (a), the Secretary may issue subpenas re-
17 quiring the attendance and testimony of witnesses and requir-
18 ing the production of any evidence. The attendance of such
19 witnesses and the production of such evidence may be re-
20 quired from any place in any State at any designated place of
21 hearing in any State. The Secretary and any administrative
22 law judge designated by the Secretary under subsection (d)
23 may administer oaths and affirmations, examine witnesses,
24 and receive evidence. Witnesses summoned before the Secre-
25 tary or such administrative law judge shall be paid the same

1 quired from any place in any State at any designated place of
2 hearing in any State. The Secretary and any administrative
3 law judge designated by the Secretary under subsection (d)
4 may administer oaths and affirmations, examine witnesses,
5 and receive evidence. Witnesses summoned before the Secre-
6 tary or such administrative law judge shall be paid the same
7 fees and mileage as are paid witnesses in the courts of the
8 United States. Witnesses whose depositions are taken by the
9 Secretary or by any person designated by the Secretary, and
10 any person so designated who takes such depositions, shall be
11 paid the same fees as are paid for like services in the courts
12 of the United States.

13 (2) In case of contumacy or refusal to obey a subpena
14 issued to any person under paragraph (1), any district court
15 of the United States for any judicial district in which such
16 investigation is conducted or in which such person guilty of
17 contumacy or refusal to obey resides, is found, or transacts
18 business, upon application by the Secretary shall have juris-
19 diction to issue an order requiring such person to appear
20 before the Secretary, or before any administrative law judge
21 designated by the Secretary under subsection (d), to produce
22 evidence, give testimony, or both, regarding any matter
23 under investigation. Any failure to obey such order issued by
24 such court may be punished as a contempt of such court.

1 post office receipt or telegraph receipt for any subpena served
2 by mail or by telegraph, as the case may be, shall be proof of
3 service of such subpena.
4 (4) All process of any court to which application may be
5 made under paragraph (2) may be served in the judicial dis-
6 trict in which the person required to be served resides or may
7 be found.
8 (d) The Secretary may designate any administrative law
9 judge within the Department of Labor to conduct any admin-
10 istrative proceeding in connection with any investigation con-
11 ducted under subsection (a).
12 REPORT OF INVESTIGATION
13 SEC. 6. (a) After any investigation conducted under sec-
14 tion 5(a) is concluded, the Secretary shall prepare and publish
15 a report containing his findings with respect to the matters
16 described in section 5(b) and, subject to subsection (b), his
17 recommendations regarding actions required to be taken in
18 order to prevent or minimize the harmful economic and social
19 effects which will result from the change of operations at the
20 establishment with respect to which such investigation is
21 conducted. Such recommendations shall include a description
22 of the nature and extent of the assistance authorized under
23 this Act which would be required to prevent or minimize such
24 effects.

1 effects which will result from the change of operations at the
2 establishment with respect to which such investigation is
3 conducted. Such recommendations shall include a description
4 of the nature and extent of the assistance authorized under
5 this Act which would be required to prevent or minimize such
6 effects.

7 (b) No recommendations shall be completed by the Sec-
8 retary for inclusion in any report required under subsection
9 (a) unless the Secretary has consulted with the business con-
10 cern undertaking such change of operations, any authorized
11 representative of any affected labor organization at the estab-
12 lishment involved, and any representative of any affected unit
13 of general local government.

14 INELIGIBILITY OF CERTAIN EMPLOYEES FOR ASSISTANCE

15 SEC. 7. An individual who becomes an employee of a
16 business concern required to give notice under section 4(a)—

17 (1) by accepting employment at an establishment
18 with respect to which such notice is required, after
19 such notice is given, and

20 (2) with knowledge that such notice has been
21 given,

22 shall be deemed not to be an employee at such establishment
23 for purposes of sections 9, 11, 12, 13, and 14.

1 (2) suspends or terminates the employment of
2 such employee,
3 at an establishment with respect to which such notice is re-
4 quired, such business concern shall give such employee, not
5 later than 7 days after the week for which such wages are so
6 reduced or such employment is suspended or terminated, a
7 written statement of employment status.
8 (b) If a business concern which gives a statement of
9 employment status in accordance with subsection (a) to an
10 employee fails to include in such statement an assurance that
11 such business concern will increase the wages of or reinstate
12 such employee, as the case may be, to prevent such employee
13 from suffering an employment loss, then such employee shall
14 be deemed to suffer an employment loss immediately preced-
15 ing the week for which such business concern reduces the
16 wages, or suspends or terminates the employment, of such
17 employee as described in such subsection.
18 (c) If a business concern which gives a statement of em-
19 ployment status in accordance with subsection (a) to an em-
20 ployee includes in such statement an assurance that such
21 business concern will increase the wages of or reinstate such
22 employee, as the case may be, to prevent such employee
23 from suffering an employment loss and if such business con-
24 cern fails to prevent such employment loss, then such busi-
25 ness concern shall pay such employee, in addition to any

1 (c) If a business concern which gives a statement of em-
2 ployment status in accordance with subsection (a) to an em-
3 ployee includes in such statement an assurance that such
4 business concern will increase the wages of or reinstate such
5 employee, as the case may be, to prevent such employee
6 from suffering an employment loss and if such business con-
7 cern fails to prevent such employment loss, then such busi-
8 ness concern shall pay such employee, in addition to any
9 other payment required in this Act, a lump sum equal to the
10 product of 26 and the amount described in section
11 9(a)(1)(A)(i).
12 (d) An employee with respect to whom a business con-
13 cern required to give notice under section 4(a) fails to comply
14 with subsection (a) shall be deemed to suffer an employment
15 loss immediately preceding the week for which such business
16 concern reduces the wages, or suspends or terminates the
17 employment, of such employee as described in such
18 subsection.
19 TRANSITIONAL ASSISTANCE BY BUSINESS CONCERNS
20 SEC. 9. (a)(1) Subject to subsection (c), any business
21 concern required to give notice under section 4(a) regarding a
22 change of operations at an establishment shall—
23 (A) pay to each employee who suffers an employ-
24 ment loss at such establishment as a result of such

1 the 2-year period immediately preceding such
2 date, or
3 (ii) equal to 100 percent of such product if
4 such employee is participating, during the week
5 for which such income maintenance payment is
6 required, in any training program provided or re-
7 quired by the Secretary under section 13(a)(1) or
8 section 14, and
9 (B) make payments with respect to such employee
10 as if such employee had not suffered such employment
11 loss, to any employee benefit plan in effect at such es-
12 tablishment to which such business concern is obligated
13 to contribute with respect to such employee for the
14 week immediately preceding the 26-week period
15 ending on the date such employment loss occurs,
16 for the 52-week period beginning on the date such employ-
17 ment loss occurs.
18 (2)(A) A payment payable under paragraph (1)(A) to an
19 employee who receives for the week with respect to which
20 such payment is required wages from—
21 (i) such business concern, or
22 (ii) an employer other than such business concern
23 for employment accepted with such employer after
24 such employment loss occurs,
25 shall be reduced by an amount described in subparagraph (B).

1 for the 52-week period beginning on the date such employ-
2 ment loss occurs.
3 (2)(A) A payment payable under paragraph (1)(A) to an
4 employee who receives for the week with respect to which
5 such payment is required wages from—
6 (i) such business concern, or
7 (ii) an employer other than such business concern
8 for employment accepted with such employer after
9 such employment loss occurs,
10 shall be reduced by an amount described in subparagraph (B).
11 (B) The amount by which such payment shall be re-
12 duced under subparagraph (A) shall be equal to the difference
13 between—
14 (i) the sum of such wages and such payment pay-
15 able without regard to this paragraph, and
16 (ii) the product of the weekly equivalent and the
17 rate of pay, measured at the equivalent of an hourly
18 rate of pay, in effect on the date such employment loss
19 occurs for the position having the highest rate of pay
20 so measured which such employee held at any estab-
21 lishment of such business concern at any time in the 2-
22 year period immediately preceding such date.
23 (3) For purposes of paragraph (1)(A)(i) and paragraph
24 (2)(B)(ii), the term "weekly equivalent" means the greater of

1 (A) compensation under any unemployment com-
2 pensation law of any State or of the United States, or
3 (B) a trade readjustment allowance under part I
4 of subchapter B of chapter 2 of title I of the Trade Act
5 of 1974 (19 U.S.C. 2291-2294),
6 for the week with respect to which such payment is required
7 shall be reduced by an amount equal to the sum of such com-
8 pensation and such allowance.
9 (5) A payment made by a business concern under para-
10 graph (1)(A) to an employee shall be deemed—
11 (A) not to be wages for the purpose of determin-
12 ing the eligibility of such employee to receive any pay-
13 ment under any unemployment compensation law of
14 any State or of the United States, and
15 (B) to be wages for all other purposes, including
16 the determination of any contribution to be made to,
17 and any credit to be received and any benefit to accrue
18 under, any employee benefit plan to which any pay-
19 ment is required in paragraph (1)(B).
20 (6) No business concern shall be required to make total
21 payments under paragraph (1)(A) exceeding $25,000 for any
22 52-week period to each employee who suffers an employment
23 loss.
24 (7) No business concern shall be required to make a pay-
25 ment under paragraph (1) with respect to an employee for

1 (B) to be wages for all other purposes, including
2 the determination of any contribution to be made to,
3 and any credit to be received and any benefit to accrue
4 under, any employee benefit plan to which any pay-
5 ment is required in paragraph (1)(B).
6 (6) No business concern shall be required to make total
7 payments under paragraph (1)(A) exceeding $25,000 for any
8 52-week period to each employee who suffers an employment
9 loss.
10 (7) No business concern shall be required to make a pay-
11 ment under paragraph (1) with respect to an employee for
12 any week beginning after such employee begins any employ-
13 ment offered under section 11(a) to such employee.
14 (8) No business concern shall be required to make a pay-
15 ment under paragraph (1) with respect to an employee for
16 any week beginning after such employee refuses to accept
17 employment offered by such business concern or by any em-
18 ployer other than such business concern, located within a
19 reasonable commuting distance of the regular place of resi-
20 dence of such employee, if such employment—
21 (A) provides—
22 (i) wages that equal or exceed the wages,
23 and

1 (ii) utilizes skills acquired by such employee as a
2 result of any previous employment or participation in
3 any training program.
4 (9) No business concern shall be required to make a pay-
5 ment under paragraph (1) with respect to an employee for
6 any week during which such employee refuses to participate,
7 or fails to make satisfactory progress, without good cause, in
8 any training or placement program made available to such
9 employee under section 13(a)(1) or section 14.
10 (10) No business concern shall be required to make a
11 payment under paragraph (1) with respect to an employee for
12 any week for which such employee receives a retirement
13 benefit under any employee pension benefit plan to which
14 such business concern made any payment with respect to
15 such employee before such week.
16 (b) If an employee suffers an employment loss arising
17 from the suspension or termination of his employment by a
18 business concern required to give notice under section 4(a)
19 and if such employee accepts employment offered by such
20 business concern not later than 3 years after the date such
21 employment loss occurs, then such business concern shall pay
22 any reasonable expenses incurred by such employee in con-
23 nection with moving to a new residence for the purpose of
24 beginning such employment.

1 such business concern made any payment with respect to
2 such employee before such week.
3 (b) If an employee suffers an employment loss arising
4 from the suspension or termination of his employment by a
5 business concern required to give notice under section 4(a)
6 and if such employee accepts employment offered by such
7 business concern not later than 3 years after the date such
8 employment loss occurs, then such business concern shall pay
9 any reasonable expenses incurred by such employee in con-
10 nection with moving to a new residence for the purpose of
11 beginning such employment.
12 (c)(1) Notwithstanding the expiration of the 52-week
13 period for which a business concern is required to make pay-
14 ments with respect to an employee under subsection (a)(1),
15 such business concern shall continue to make, with respect to
16 each employee who on the expiration of such 52-week period
17 has attained 53 years of age and has not yet attained 61
18 years of age, the payments described in such subsection
19 during the number of years specified in paragraph (2) if such
20 payments would be required under such subsection with re-
21 spect to such employee but for the expiration of such 52-
22 week period.
23 (2) A business concern shall make the payments re-
24 quired in paragraph (1) with respect to such employee during
25 the number of years equal to the number by which 5 exceeds

1 concern and shall bear simple interest at 9 percent per
2 annum, and
3 (2) the Secretary shall make such payment with
4 respect to the employee involved at the request of such
5 employee or of any agent of such employee.

6 SECONDARY LIABILITY

7 SEC. 10. (a) A business concern which transfers, by sale
8 or otherwise, ownership or control of an establishment for the
9 purpose of avoiding any liability under section 9 with respect
10 to an employment loss suffered by any employee at such es-
11 tablishment after such ownership or control is transferred
12 shall be liable to the United States in accordance with sub-
13 section (b) for an amount based on the amount of assistance
14 required to be provided under section 9, to the extent that
15 the business concern which owns or controls such establish-
16 ment at the time such employment loss occurs fails to provide
17 such assistance.
18 (b) The amount of assistance required to be provided
19 under section 9 with respect to an establishment by any busi-
20 ness concern which is liable under subsection (a) shall be an
21 amount equal to the difference between—
22 (1) the amount of assistance required to be pro-
23 vided under section 9 by the business concern which
24 owns or controls such establishment at the time an em-
25 ployment loss occurs, and

1 the business concern which owns or controls such establish-
2 ment at the time such employment loss occurs fails to provide
3 such assistance.

4 (b) The amount of assistance required to be provided
5 under section 9 with respect to an establishment by any busi-
6 ness concern which is liable under subsection (a) shall be an
7 amount equal to the difference between—

8 (1) the amount of assistance required to be pro-
9 vided under section 9 by the business concern which
10 owns or controls such establishment at the time an em-
11 ployment loss occurs, and

12 (2) an amount equal to one-tenth of the product
13 of—

14 (A) the amount of assistance required to be
15 provided under section 9 by the business concern
16 which owns or controls such establishment at the
17 time such employment loss occurs, and

18 (B) the number of complete years which
19 elapse during the period beginning on the date of
20 the transfer of ownership or control of such estab-
21 lishment, described in subsection (a), and ending
22 on the date of the termination of the liability
23 under section 9 of the business concern which
24 owns or controls such establishment at the time
25 such employment loss occurs.

1 sion of any collective bargaining agreement in effect with re-
2 spect to such employment, such establishment, or such busi-
3 ness concern.

4 (2) Such employment shall provide—

5 (A) wages that equal or exceed the wages, and

6 (B) benefits (including benefits under any employ-
7 ee benefit plan) substantially equivalent to the benefits,
8 for the position having the highest rate of pay, measured at
9 the equivalent of an hourly rate of pay, which such employee
10 held at any establishment of such business concern at any
11 time in the 2-year period preceding the date the employment
12 loss of such employee occurs notwithstanding the terms and
13 conditions otherwise applicable with respect to such employ-
14 ment.

15 (b) Any employee who is aggrieved by any failure of a
16 business concern to comply with subsection (a) may seek
17 relief in accordance with section 26.

18 EMPLOYEE BENEFIT PLANS

19 SEC. 12. (a) An employee who participates in any em-
20 ployee benefit plan at an establishment with respect to which
21 notice is required in section 4(a) and with respect to whom
22 payments to such plan are required under section 9(a)(1)(B)
23 shall be eligible to participate in such plan during any period
24 for which such payments are required.

1 (b) Any employee who is aggrieved by any failure of a
2 business concern to comply with subsection (a) may seek
3 relief in accordance with section 26.

4 EMPLOYEE BENEFIT PLANS

5 SEC. 12. (a) An employee who participates in any em-
6 ployee benefit plan at an establishment with respect to which
7 notice is required in section 4(a) and with respect to whom
8 payments to such plan are required under section 9(a)(1)(B)
9 shall be eligible to participate in such plan during any period
10 for which such payments are required.

11 (b) If an employee participates under subsection (a) in
12 any employee pension benefit plan, then such employee
13 shall—

14 (1) receive credit for the purpose of the vesting of
15 any rights in such plan, and

16 (2)(A) accrue benefits to the extent that such plan
17 is a defined benefit plan, and

18 (B) receive credit to the account of such employee
19 to the extent that such plan is an individual account
20 plan,

21 for each period for which a payment is made under section
22 9(a)(1)(B). For purposes of determining credits to be received
23 and benefits to be accrued under the preceding sentence, any
24 week for which a payment is required under section

1 during which any suspension or termination of the employ-
2 ment of such employee is in effect shall not be considered to
3 be a break in service if such suspension or termination of
4 employment results in such employment loss.

5 (2) A business concern required to make payments
6 under section 9(a)(1)(B) to any employee benefit plan with
7 respect to an employee shall be liable to such plan for any
8 unfunded liability of such plan resulting from the operation of
9 paragraph (1).

10 (d) Any employee who suffers an employment loss at an
11 establishment with respect to which notice is required in sec-
12 tion 4(a) and who attains 55 years of age before such employ-
13 ment loss occurs shall be eligible to retire and to receive any
14 retirement benefit under any employee pension benefit plan
15 with respect to which subsection (a) applies in the case of
16 such employee, beginning on the date such employee attains
17 62 years of age, if the normal retirement age under such plan
18 is any age greater than 62 years of age. The amount of such
19 benefit payable in accordance with this subsection shall be an
20 amount equal to the actuarial equivalent of the normal retire-
21 ment benefit payable to such employee under such plan.

22 (e) Any violation of this section shall be deemed to be a
23 violation of title I of the Employee Retirement Income Secu-
24 rity Act of 1974 (29 U.S.C. 1001-1144) for which a civil
25 action may be brought under paragraph (3) or paragraph (5)

1 with respect to which subsection (a) applies in the case of
2 such employee, beginning on the date such employee attains
3 62 years of age, if the normal retirement age under such plan
4 is any age greater than 62 years of age. The amount of such
5 benefit payable in accordance with this subsection shall be an
6 amount equal to the actuarial equivalent of the normal retire-
7 ment benefit payable to such employee under such plan.

8 (e) Any violation of this section shall be deemed to be a
9 violation of title I of the Employee Retirement Income Secu-
10 rity Act of 1974 (29 U.S.C. 1001-1144) for which a civil
11 action may be brought under paragraph (3) or paragraph (5)
12 of section 502(a) of the Employee Retirement Income Secu-
13 rity Act of 1974 (29 U.S.C. 1132(a)).

14 FEDERAL ASSISTANCE TO EMPLOYEES

15 SEC. 13. (a) The Secretary, in consultation with the Na-
16 tional Employment Priorities Advisory Council, shall imple-
17 ment a comprehensive program in accordance with subsec-
18 tion (b) to provide assistance to employees who suffer or may
19 suffer an employment loss at an establishment with respect to
20 which notice is required under section 4(a). Such program
21 shall include—

22 (1) training programs,

23 (2) job placement services,

24 (3) payments for reasonable expenses, not to
25 exceed $600 for each employee, incurred by such em-

1 suffer an employment loss, before such employment loss
2 occurs.

3 (2) To the extent practicable, the Secretary shall pro-
4 vide assistance under subsection (a) through existing pro-
5 grams established by law before the date of the enactment of
6 this Act. To the extent that such assistance cannot be pro-
7 vided through any existing program, the Secretary may pro-
8 vide such assistance through new programs established by
9 the Secretary for the purpose of furnishing such assistance,
10 including programs to be carried out by grants to, or con-
11 tracts with, private organizations.

12 (c)(1) Before the Secretary implements any program
13 under subsection (a) to retrain employees who suffer or may
14 suffer an employment loss at an establishment, the Secretary
15 shall, to the extent practicable, consult with the business con-
16 cern involved, and with any authorized representative of any
17 affected labor organization at such establishment, for the pur-
18 pose of developing a retraining plan which will meet the
19 manpower needs of such business concern.

20 (2) Any employee who receives testing, counseling,
21 training, or placement assistance under subsection (a) shall be
22 paid allowances by the Secretary for reasonable and neces-
23 sary expenses incurred for travel and subsistence when such
24 testing, counseling, training, or placement assistance is pro-
25 vided at facilities which are not within a reasonable commut-

1 shall, to the extent practicable, consult with the business con-
2 cern involved, and with any authorized representative of any
3 affected labor organization at such establishment, for the pur-
4 pose of developing a retraining plan which will meet the
5 manpower needs of such business concern.

6 (2) Any employee who receives testing, counseling,
7 training, or placement assistance under subsection (a) shall be
8 paid allowances by the Secretary for reasonable and neces-
9 sary expenses incurred for travel and subsistence when such
10 testing, counseling, training, or placement assistance is pro-
11 vided at facilities which are not within a reasonable commut-
12 ing distance of the regular place of residence of such employ-
13 ee. The Secretary shall prescribe by rule the amount of such
14 allowances applicable with respect to the different geographi-
15 cal regions of the United States, taking into account regional
16 variations in the general levels of such expenses.

17 RELATED RETRAINING ASSISTANCE TO EMPLOYEES

18 SEC. 14. (a) The Secretary may develop and implement,
19 in cooperation with representatives of the business concern
20 involved and with representatives of the employees at the
21 establishment with respect to which assistance under section
22 16 is requested, a program to retrain employees to perform
23 new employment tasks required in connection with imple-
24 menting a proposal submitted by such business concern under
25 section 15(b)(2).

1 such assistance with respect to a change of operations at any
2 establishment if the Secretary determines that—
3 (1) such business concern intends to undertake a
4 change of operations at such establishment, and such
5 change of operations will cause a substantial number of
6 employees to suffer an employment loss,
7 (2) such business concern will make all reasonable
8 efforts to prevent the occurrence of such employment
9 loss, and such efforts and the resources of such busi-
10 ness concern will be inadequate to prevent such em-
11 ployment loss unless assistance is provided by the Sec-
12 retary under section 16,
13 (3) such assistance, if provided, will with reason-
14 able certainty enable such business concern to operate
15 such establishment on an improved economic basis
16 within a reasonable period of time and without under-
17 taking such change of operations, and
18 (4) such business concern has complied with the
19 requirements of section 4(a).
20 (b)(1) To request any assistance under section 16 with
21 respect to an establishment, a business concern shall submit
22 an application in such form, and containing such assurances
23 and information in addition to the information required in
24 paragraph (2), as the Secretary may require by rule.

1 such establishment on an improved economic basis
2 within a reasonable period of time and without under-
3 taking such change of operations, and
4 (4) such business concern has complied with the
5 requirements of section 4(a).
6 (b)(1) To request any assistance under section 16 with
7 respect to an establishment, a business concern shall submit
8 an application in such form, and containing such assurances
9 and information in addition to the information required in
10 paragraph (2), as the Secretary may require by rule.
11 (2) Any application submitted in accordance with para-
12 graph (1) shall include a proposal setting forth in such detail
13 as the Secretary may require by rule the uses (including any
14 modification of product lines and production techniques) to
15 which such assistance will be put, and the anticipated effects
16 of each such use.
17 (3) The Secretary may assist any business concern in
18 preparing any application to be submitted in accordance with
19 paragraph (1).
20 (c)(1) As soon as practicable and not later than 60 days
21 after a business concern submits an application under subsec-
22 tion (b), the Secretary shall determine whether such business
23 concern is eligible under subsection (a) to receive assistance.
24 (2) If the Secretary determines that such business con-
25 cern is eligible to receive such assistance, then such business

1 the assumption by the Secretary of any outstanding debt of
2 such business concern.
3 (2) The assumption of any outstanding debt of a busi-
4 ness concern by the Secretary under paragraph (1), with or
5 without recourse, shall be considered to be a loan made to
6 such business concern.
7 (3) A loan or loan guarantee shall be made by the Sec-
8 retary under paragraph (1) only if the Secretary determines
9 that the interest rate payable under the terms of such loan or
10 the loan guaranteed, as the case may be, is reasonable.
11 (4) No financial assistance shall be provided under para-
12 graph (1) unless the Secretary determines that substantially
13 equivalent financial assistance is unavailable to such business
14 concern with respect to such establishment from any conven-
15 tional source other than the United States, and that there is a
16 reasonable likelihood that such business concern will repay
17 the Secretary the amount of any financial assistance provided
18 under such paragraph.
19 (b) The Secretary may provide to a business concern
20 which is eligible under section 15 such technical assistance,
21 on such terms and conditions as the Secretary deems to be
22 appropriate, as will substantially contribute to the economic
23 viability of the establishment with respect to which such as-
24 sistance is requested. Such technical assistance may include
25 grants and contracts for research and development in connec-

1 reasonable likelihood that such business concern will repay
2 the Secretary the amount of any financial assistance provided
3 under such paragraph.

4 (b) The Secretary may provide to a business concern
5 which is eligible under section 15 such technical assistance,
6 on such terms and conditions as the Secretary deems to be
7 appropriate, as will substantially contribute to the economic
8 viability of the establishment with respect to which such as-
9 sistance is requested. Such technical assistance may include
10 grants and contracts for research and development in connec-
11 tion with new production or marketing techniques which will
12 create new employment opportunities at such establishment.

13 TARGETED FEDERAL PROCUREMENT

14 SEC. 17. (a) If the Secretary finds that a business con-
15 cern which complies with the requirements of section 4(a)
16 will offer additional employment opportunities if such busi-
17 ness concern enters into any agreement with the head of any
18 executive agency for the procurement of products or services
19 for the United States, then the Secretary shall issue a certifi-
20 cate of procurement credit to such business concern to be
21 valid for such period as the Secretary deems to be
22 appropriate.

23 (b) For the purpose of selecting any person from whom
24 products or services will be purchased or will be acquired by
25 contract for the United States, the head of any executive

1 such establishment is within the jurisdiction of such unit of
2 general local government), if the chief executive officer of the
3 State involved certifies to the Secretary, and the Secretary
4 determines, that such unit of general local government has
5 suffered, or will suffer, as a result of such change of
6 operations—

7 (1) a substantial decrease in income resulting from
8 a decrease in the amount of revenue paid to such unit
9 of general local government by such business concern
10 or by the employees of such establishment,

11 (2) a substantial increase in the demand for, or
12 utilization of, social services provided by such unit of
13 general local government, or

14 (3) a substantial increase in the number of unem-
15 ployed individuals who reside within the jurisdiction of
16 such unit of general local government.

17 (b)(1) The Secretary shall make a determination regard-
18 ing the eligibility of a unit of general local government under
19 subsection (a) not later than 60 days after the Secretary
20 receives the certification required in such subsection.

21 (2) If the Secretary determines that a unit of general
22 local government is eligible under subsection (a) to receive
23 assistance under section 19, the Secretary shall develop, in
24 consultation with such unit of general local government, a
25 program to provide assistance under such section.

1 (3) a substantial increase in the number of unem-
2 ployed individuals who reside within the jurisdiction of
3 such unit of general local government.
4 (b)(1) The Secretary shall make a determination regard-
5 ing the eligibility of a unit of general local government under
6 subsection (a) not later than 60 days after the Secretary
7 receives the certification required in such subsection.
8 (2) If the Secretary determines that a unit of general
9 local government is eligible under subsection (a) to receive
10 assistance under section 19, the Secretary shall develop, in
11 consultation with such unit of general local government, a
12 program to provide assistance under such section.

13 ASSISTANCE TO LOCAL GOVERNMENTS

14 SEC. 19. (a) The Secretary may provide, on such terms
15 and conditions as the Secretary deems to be appropriate, to a
16 unit of general local government which is eligible under sec-
17 tion 18 grants, loans, and loan guarantees, for purposes of—
18 (1) providing additional, or increasing the avail-
19 ability of, social services needed to satisfy the in-
20 creased demand for such services referred to in section
21 18(a)(2), and
22 (2) implementing any plan for a public works proj-
23 ect submitted to the Secretary by such unit of general
24 local government and approved by the Secretary under
25 subsection (b)(2).

1 (3) For the purpose of determining whether to provide
2 assistance under subsection (a)(2), the Secretary shall give pri-
3 ority to public works projects which will—
4 (A) be constructed in geographical areas in which
5 the rate of unemployment is high,
6 (B) make such geographical areas more attractive
7 for commercial investment,
8 (C) cause a long-term increase in employment op-
9 portunities in such geographical areas,
10 (D) provide an efficient means to increase the
11 level of employment, and
12 (E) further other national goals, such as improv-
13 ing the quality of the environment and increasing the
14 development and conservation of energy.
15 ELIGIBILITY OF CERTAIN EMPLOYERS AND OF COOPERA-
16 TIVE ASSOCIATIONS OF EMPLOYEES FOR ASSISTANCE
17 SEC. 20. (a) Any employer (other than a business con-
18 cern required to give notice under section 4(a)) or cooperative
19 association of employees which requests in accordance with
20 subsection (b) assistance under section 21 shall be eligible to
21 receive such assistance if the Secretary determines that—
22 (1) such employer or cooperative association of
23 employees will create or expand employment opportu-

1 (E) further other national goals, such as improv-
2 ing the quality of the environment and increasing the
3 development and conservation of energy.

4 ELIGIBILITY OF CERTAIN EMPLOYERS AND OF COOPERA-
5 TIVE ASSOCIATIONS OF EMPLOYEES FOR ASSISTANCE

6 SEC. 20. (a) Any employer (other than a business con-
7 cern required to give notice under section 4(a)) or cooperative
8 association of employees which requests in accordance with
9 subsection (b) assistance under section 21 shall be eligible to
10 receive such assistance if the Secretary determines that—
11 (1) such employer or cooperative association of
12 employees will create or expand employment opportu-
13 nities and will provide continuous employment over a
14 substantial period of time, and
15 (2) substantially equivalent assistance is not rea-
16 sonably available to such employer or cooperative asso-
17 ciation from any other source.
18 (b) For the purpose of requesting any assistance for
19 which an employer or cooperative association may be eligible
20 under subsection (a), such employer or cooperative associ-
21 ation shall submit to the Secretary an application which pro-
22 vides such information and such assurances as the Secretary
23 may require by rule.

1 ployment opportunities related to entry into such mar-
2 kets, and new production and marketing techniques.

3 PRIORITY FOR PROVIDING ASSISTANCE

4 SEC. 22. The Secretary, in providing assistance under
5 sections 16, 19, and 21, shall give priority to developing and
6 implementing plans to enable employees at an establishment
7 with respect to which notice is required under section 4(a) to
8 continue to perform operations at such establishment if there
9 is a reasonable likelihood that such operations will provide
10 continuous employment over a substantial period of time.

11 LIABILITY FOR LOSS OF REVENUE

12 SEC. 23. (a)(1) If, after a hearing on the record, the
13 Secretary finds that a business concern is required to give
14 notice under section 4(a), then such business concern shall be
15 liable as provided in paragraph (2) to each unit of general
16 local government to which such business concern was liable
17 for any revenue payable with respect to real or personal
18 property at the establishment involved, in any of the 3 fiscal
19 years of such unit of general local government preceding the
20 first fiscal year of such unit of general local government in
21 which such business concern undertakes the change of oper-
22 ations with respect to which such finding is made.

23 (2) The amount for which such business concern shall be
24 liable under paragraph (1) to such unit of general local gov-

67-746 O - 81 - 4

1 LIABILITY FOR LOSS OF REVENUE

2 SEC. 23. (a)(1) If, after a hearing on the record, the
3 Secretary finds that a business concern is required to give
4 notice under section 4(a), then such business concern shall be
5 liable as provided in paragraph (2) to each unit of general
6 local government to which such business concern was liable
7 for any revenue payable with respect to real or personal
8 property at the establishment involved, in any of the 3 fiscal
9 years of such unit of general local government preceding the
10 first fiscal year of such unit of general local government in
11 which such business concern undertakes the change of oper-
12 ations with respect to which such finding is made.

13 (2) The amount for which such business concern shall be
14 liable under paragraph (1) to such unit of general local gov-
15 ernment shall be an amount equal to 85 percent of the differ-
16 ence between—

17 (A) the average of the amounts of such revenue
18 for which such business concern was liable to such unit
19 of general local government for the taxable years
20 ending in such 3 fiscal years, and

21 (B) the amount of such revenue for which such
22 business concern is liable to such unit of general local
23 government for the first complete taxable year of such
24 business concern occurring after the end of the period
25 with respect to which such finding is made,

1 section 4(a) with respect to an establishment located in the
2 United States and such business concern undertook a change
3 of operations which involved the transfer of such operations
4 from such establishment to an establishment outside the
5 United States when an economically viable alternative to
6 such transfer existed, then such business concern shall be
7 liable to the United States as provided in paragraph (2).
8 (2) The amount for which such business concern shall be
9 liable under paragraph (1) shall be an amount equal to 300
10 percent of the difference between—
11 (A) the average of the amounts of revenue alloca-
12 ble to such establishment for which such business con-
13 cern was liable to the United States for the 3 taxable
14 years of such business concern preceding the first or
15 only taxable year in which such business concern
16 transfers the operations with respect to which such
17 finding is made, and
18 (B) the amount of revenue allocable to such estab-
19 lishment for which such business concern is liable to
20 the United States payable for the first complete taxable
21 year of such business concern occurring after the end
22 of the period with respect to which such finding is
23 made.

1 (A) the average of the amounts of revenue alloca-
2 ble to such establishment for which such business con-
3 cern was liable to the United States for the 3 taxable
4 years of such business concern preceding the first or
5 only taxable year in which such business concern
6 transfers the operations with respect to which such
7 finding is made, and
8 (B) the amount of revenue allocable to such estab-
9 lishment for which such business concern is liable to
10 the United States payable for the first complete taxable
11 year of such business concern occurring after the end
12 of the period with respect to which such finding is
13 made.
14 CRIMINAL VIOLATIONS AND PENALTIES
15 SEC. 24. (a)(1) Whoever knowingly makes any false
16 statement of any material fact or knowingly fails to disclose
17 any material fact, for the purpose of obtaining for any person
18 or any unit of general local government any payment or
19 other assistance under this Act shall be fined not more than
20 $1,000, imprisoned for not more than 1 year, or both.
21 (2) Any person—
22 (A) who is convicted of violating paragraph (1),
23 and
24 (B) who receives any payment under this Act as a
25 result of the conduct prohibited in such paragraph,

1 (2) to provide assistance with respect to employ-
2 ees under section 9, or
3 (3) to pay any debt owed to the United States
4 under section 9(d)(1) or section 23(b)(1) before the ex-
5 piration of the 180-day period beginning on the date
6 such debt is incurred.
7 (b) The Secretary may hold a hearing on the record to
8 determine whether a business concern has violated subsection
9 (a).
10 (c) If, after a hearing under subsection (b), the Secretary
11 finds that a business concern has violated subsection (a), then
12 the Secretary shall assess against such business concern a
13 civil penalty not to exceed an amount equal to the sum of—
14 (1) an amount equal to any allowable credit
15 claimed by such business concern under section 38 of
16 the Internal Revenue Code of 1954 (relating to invest-
17 ment in certain depreciable property) with respect to
18 any equipment transferred, disposed of, or abandoned
19 as a result of the change of operations which is the
20 subject of such violation,
21 (2) an amount equal to any allowable deduction
22 for depreciation claimed by such business concern
23 under section 167 of the Internal Revenue Code of
24 1954 (relating to depreciation) or section 611 of the
25 Internal Revenue Code of 1954 (relating to allowance

1 (1) an amount equal to any allowable credit
2 claimed by such business concern under section 38 of
3 the Internal Revenue Code of 1954 (relating to invest-
4 ment in certain depreciable property) with respect to
5 any equipment transferred, disposed of, or abandoned
6 as a result of the change of operations which is the
7 subject of such violation,
8 (2) an amount equal to any allowable deduction
9 for depreciation claimed by such business concern
10 under section 167 of the Internal Revenue Code of
11 1954 (relating to depreciation) or section 611 of the
12 Internal Revenue Code of 1954 (relating to allowance
13 of deduction for depletion) with respect to any property
14 transferred, disposed of, or abandoned as a result of
15 such change of operations,
16 (3) an amount equal to any allowable deduction
17 for ordinary and necessary expenses claimed by such
18 business concern under section 162 of the Internal
19 Revenue Code of 1954 (relating to trade or business
20 expenses), to the extent such expenses are directly re-
21 lated to such change of operations,
22 (4) an amount equal to one-half of the value of
23 any economic benefit given by any government of a
24 foreign country to such business concern in the 2-year
25 period beginning on the date such business concern

1 notice within the time required in section
2 4(b)(3)(A)(i), or
3 (B) preceding the date which occurs 6 calen-
4 dar months before such change of operations is to
5 begin, in the case of a business concern required
6 to give notice within the time required in clause
7 (ii) or clause (iii) of section 4(b)(3)(A),
8 exceeds one-half of the sum of the aggregate wages
9 and the aggregate taxes imposed by chapter 23 of the
10 Internal Revenue Code of 1954 (relating to the Feder-
11 al Unemployment Tax Act) payable by such business
12 concern for the period of 2 taxable years beginning
13 after the date such business concern concludes such
14 change of operations, to the extent that any amount
15 calculated in accordance with this paragraph is directly
16 related to such change of operations.

17 VIOLATIONS OF EMPLOYEES' RIGHTS

18 SEC. 26. (a) It shall be unlawful for any business con-
19 cern required to give notice under section 4(a) to fail to
20 comply with section 11(a) in the case of any employee who
21 suffers an employment loss at any establishment with respect
22 to which such notice is required.

23 (b) It shall be unlawful for any business concern to dis-
24 criminate against any employee because such employee par-

1 change of operations, to the extent that any amount
2 calculated in accordance with this paragraph is directly
3 related to such change of operations.

4 VIOLATIONS OF EMPLOYEES' RIGHTS

5 SEC. 26. (a) It shall be unlawful for any business con-
6 cern required to give notice under section 4(a) to fail to
7 comply with section 11(a) in the case of any employee who
8 suffers an employment loss at any establishment with respect
9 to which such notice is required.

10 (b) It shall be unlawful for any business concern to dis-
11 criminate against any employee because such employee par-
12 ticipated in, assisted in any manner, or requested any investi-
13 gation, hearing, or other proceeding under this Act.

14 (c)(1) If any employee of a business concern believes
15 that any violation of subsection (a) or subsection (b) has been
16 committed with respect to him, then such employee may file
17 a complaint with the Secretary, not later than 180 days after
18 the commission of such violation.

19 (2)(A) The Secretary may hold a hearing on the record
20 with respect to any act, or failure to act, described in such
21 complaint to determine whether such act, or failure to act,
22 occurred and is in violation of subsection (a) or subsection (b).

23 (B) Not later than 180 days after such complaint is filed
24 with the Secretary, the Secretary shall notify such employee
25 whether a hearing under subparagraph (A) will be held.

1 such employee had been offered and had accepted the em-
2 ployment with respect to which a violation of subsection (a) is
3 found or if such employer had not discriminated against such
4 employee in violation of subsection (b), as the case may be.
5 (d) Subsection (a) and subsection (b) shall not be con-
6 strued to authorize any private right of action with respect to
7 any act or failure to act which may violate subsection (a) or
8 subsection (b).

9 RECOVERY OF OVERPAYMENTS

10 SEC. 27. (a) If the Secretary has reasonable cause to
11 believe that any recipient of assistance under section 13 has
12 knowingly made, or has caused another person to knowingly
13 make, any false statement of any material fact or has know-
14 ingly failed, or caused another person to fail, to disclose any
15 material fact, and as a result of such action has received any
16 payment of assistance under such section, then the Secretary
17 shall—

18 (1) refuse to make any additional payment of as-
19 sistance to such recipient if such recipient is ineligible
20 to receive such assistance, or

21 (2) reduce the amount of such payment of assist-
22 ance paid to such recipient if such recipient is eligible
23 to receive a reduced amount, but shall deduct from any
24 such payment an amount equal to the amount of any

1 material fact, and as a result of such action has received any
2 payment of assistance under such section, then the Secretary
3 shall—
4 (1) refuse to make any additional payment of as-
5 sistance to such recipient if such recipient is ineligible
6 to receive such assistance, or
7 (2) reduce the amount of such payment of assist-
8 ance paid to such recipient if such recipient is eligible
9 to receive a reduced amount, but shall deduct from any
10 such payment an amount equal to the amount of any
11 overpayment received by the recipient which is not
12 repaid to the Secretary by such recipient.
13 (b) Any amount repaid to, or deducted by, the Secretary
14 under subsection (a)(2) shall be returned to the Treasury and
15 credited to the current applicable appropriation, fund, or ac-
16 count from which such payment was made.

17 RESERVES; RECORDING REQUIREMENTS RELATING TO
18 LOANS

19 SEC. 28. (a) The Secretary shall maintain operating re-
20 serves with respect to anticipated claims under loan guaran-
21 tees made under sections 16, 19, and 21. Such reserves shall
22 be considered to constitute obligations of the United States
23 for purposes of section 1311 of the Supplemental Appropri-
24 ation Act, 1955 (31 U.S.C. 200).

1 does not adopt a concurrent resolution disapproving such
2 rule.
3 (b) Any rule promulgated by the Secretary when the
4 Congress is not in session may take effect and may remain in
5 effect unless the Congress adopts a concurrent resolution dis-
6 approving such rule before the expiration of a 30-day period
7 beginning on the date the Congress reconvenes.
8 (c) For purposes of this section, the Congress shall be
9 deemed to be in session except during any period when either
10 House is in adjournment sine die, in adjournment subject to
11 call of the Chair, or in adjournment to a day certain for a
12 period exceeding 4 consecutive days.
13 REPORTS; LEGISLATIVE PROPOSALS
14 SEC. 30. (a) After any program implemented by the
15 Secretary under section 13, 14, 16, 19, or 21 has been in
16 operation for a period of 3 years, the Secretary shall evaluate
17 the effectiveness of such program and shall prepare a report
18 describing the results of such evaluation. Such report shall be
19 submitted not later than 1 year after such period to each
20 House of the Congress and shall be referred to the appropri-
21 ate authorizing committees of each House of the Congress.
22 (b) The Secretary shall prepare proposals for legislation
23 designed—
24 (1) to provide such assistance as the Secretary
25 deems to be appropriate to units of general local gov-

1 REPORTS; LEGISLATIVE PROPOSALS

2 SEC. 30. (a) After any program implemented by the
3 Secretary under section 13, 14, 16, 19, or 21 has been in
4 operation for a period of 3 years, the Secretary shall evaluate
5 the effectiveness of such program and shall prepare a report
6 describing the results of such evaluation. Such report shall be
7 submitted not later than 1 year after such period to each
8 House of the Congress and shall be referred to the appropri-
9 ate authorizing committees of each House of the Congress.
10 (b) The Secretary shall prepare proposals for legislation
11 designed—
12 (1) to provide such assistance as the Secretary
13 deems to be appropriate to units of general local gov-
14 ernment adversely affected by changes of operations at
15 establishments, and
16 (2) to require business concerns to report on a
17 continuing basis available employment opportunities to
18 the Secretary for inclusion in any nationwide comput-
19 erized job bank and matching program established
20 under section 312(f) of the Comprehensive Employ-
21 ment and Training Act (29 U.S.C. 880(f)).
22 Such proposals shall be submitted, not later than 1 year after
23 the date of the enactment of this Act, to each House of the
24 Congress and shall be referred to the appropriate authorizing
25 committees of each House of the Congress.

1 (3) under rules promulgated by the Secretary,
2 assign or sell at public or private sale, or otherwise
3 dispose of for cash or credit, in his discretion and upon
4 such terms and conditions as he determines to be rea-
5 sonable, any evidence of debt, contract, claim, personal
6 property, or security assigned to or held by the Secre-
7 tary in connection with loans made by the Secretary
8 under sections 16, 19, and 21,
9 (4) extend the maturity of or renew any loan
10 made by the Secretary under section 16, 19, or 21
11 beyond the period stated in such loan for additional pe-
12 riods not to exceed a total of 10 years, if such exten-
13 sion or such renewal will aid in the orderly liquidation
14 of such loan,
15 (5) accept and utilize the services of voluntary
16 and noncompensated personnel and reimburse such
17 personnel for travel expenses, including a per diem al-
18 lowance in lieu of subsistence, in the same manner as
19 persons employed intermittently in Government service
20 are allowed expenses under section 5703 of title 5,
21 United States Code,
22 (6) enter into contracts, grants, or other arrange-
23 ments under this Act without entering into perform-
24 ance or other bonds, and without regard to section
25 3709 of the Revised Statutes (41 U.S.C. 5), and

1 sion or such renewal will aid in the orderly liquidation
2 of such loan,
3 (5) accept and utilize the services of voluntary
4 and noncompensated personnel and reimburse such
5 personnel for travel expenses, including a per diem al-
6 lowance in lieu of subsistence, in the same manner as
7 persons employed intermittently in Government service
8 are allowed expenses under section 5703 of title 5,
9 United States Code,
10 (6) enter into contracts, grants, or other arrange-
11 ments under this Act without entering into perform-
12 ance or other bonds, and without regard to section
13 3709 of the Revised Statutes (41 U.S.C. 5), and
14 (7) make advances, progress payments, and other
15 payments which the Secretary deems to be necessary
16 under this Act, without regard to the provisions of sec-
17 tion 3648 of the Revised Statutes (31 U.S.C. 529).
18 IMPLEMENTATION OF EMPLOYMENT POLICIES THROUGH
19 NATIONAL EMPLOYMENT PRIORITIES ADMINISTRATION
20 SEC. 32. The Secretary shall carry out the provisions of
21 this Act through the National Employment Priorities Admin-
22 istration and may delegate to the Administrator of the Na-
23 tional Employment Priorities Administration any of the func-
24 tions, powers, and duties vested in the Secretary in this Act.

1 ministrator shall perform such duties under this Act as the
2 Administrator may delegate to the Deputy Administrator.
3 (c) In addition to performing any functions, powers, and
4 duties delegated to the Administrator under section 32, the
5 Administrator—
6 (1) may conduct research projects relating to any
7 relationship between unemployment and changes of op-
8 erations at establishments by business concerns, and
9 (2) shall, to the extent practicable, identify serv-
10 ices and products which may profitably be provided by
11 a business concern required to give notice under sec-
12 tion 4(a) if such business concern receives assistance
13 under section 16.
14 (d) The Administrator shall establish regional offices of
15 the Administration at such places as the Administrator deems
16 to be appropriate, for the purpose of carrying out the func-
17 tions, powers, and duties of the Administrator under this Act.
18 NATIONAL EMPLOYMENT PRIORITIES ADVISORY COUNCIL
19 SEC. 34. (a) There is hereby established in the executive
20 branch a National Employment Priorities Advisory Council.
21 (b) The duties of the Council shall be—
22 (1) to advise and assist the Secretary with respect
23 to carrying out the provisions of this Act,
24 (2) to review and evaluate the effectiveness of
25 specific programs carried out under this Act,

1 tion 4(a) if such business concern receives assistance
2 under section 16.
3 (d) The Administrator shall establish regional offices of
4 the Administration at such places as the Administrator deems
5 to be appropriate, for the purpose of carrying out the func-
6 tions, powers, and duties of the Administrator under this Act.
7 NATIONAL EMPLOYMENT PRIORITIES ADVISORY COUNCIL
8 SEC. 34. (a) There is hereby established in the executive
9 branch a National Employment Priorities Advisory Council.
10 (b) The duties of the Council shall be—
11 (1) to advise and assist the Secretary with respect
12 to carrying out the provisions of this Act,
13 (2) to review and evaluate the effectiveness of
14 specific programs carried out under this Act,
15 (3) to conduct studies and prepare reports which
16 will identify areas of future economic activity in which
17 the United States is expected to engage at a competi-
18 tive disadvantage with other countries, and identify in-
19 dustries in which a substantial number of business con-
20 cerns may undertake a change of operations during
21 such future economic activity, and
22 (4) to conduct research and prepare proposals de-
23 signed to provide new programs for assisting employ-
24 ees and units of general local government affected by
25 changes of operations at establishments and for assist-

1 (F) four representative members of the general
2 public,
3 (G) three representative members of labor organi-
4 zations, and
5 (H) three representative members of business
6 concerns.
7 (2)(A) The members of the Council described in subpara-
8 graphs (F), (G), and (H) of paragraph (1) shall be appointed
9 by the President for a term of 3 years, by and with the advice
10 and consent of the Senate.
11 (B) A vacancy on the Council shall be filled in the
12 manner in which the original appointment was made. Any
13 member of the Council described in subparagraph (F), (G), or
14 (H) of paragraph (1) who is appointed to fill a vacancy occur-
15 ring before the expiration of the term for which the predeces-
16 sor of such member was appointed shall be appointed only for
17 the remainder of such term.
18 (d) The chairman of the Council shall be the Secretary.
19 (e) The Council shall meet at least 4 times each year at
20 the call of the chairman or of a majority of the members.
21 (f) Ten members of the Council shall constitute a
22 quorum but 8 members shall constitute a quorum for the pur-
23 pose of holding hearings under subsection (g).
24 (g) For purposes of carrying out subsection (b), the
25 Council may hold any hearings and may gather any evidence

67-746 O - 81 - 5

1 member of the Council described in subparagraph (F), (G), or
2 (H) of paragraph (1) who is appointed to fill a vacancy occur-
3 ring before the expiration of the term for which the predeces-
4 sor of such member was appointed shall be appointed only for
5 the remainder of such term.

6 (d) The chairman of the Council shall be the Secretary.

7 (e) The Council shall meet at least 4 times each year at
8 the call of the chairman or of a majority of the members.

9 (f) Ten members of the Council shall constitute a
10 quorum but 8 members shall constitute a quorum for the pur-
11 pose of holding hearings under subsection (g).

12 (g) For purposes of carrying out subsection (b), the
13 Council may hold any hearings and may gather any evidence
14 at such times and places as the Council deems to be
15 appropriate.

16 (h) Each member of the Council who is not an officer or
17 employee of the United States shall receive—

18 (1) compensation at a rate not to exceed the daily
19 rate payable from time to time for grade GS–18 of the
20 General Schedule under section 5332 of title 5, United
21 States Code, for each day such member is engaged in
22 the performance of duties as a member of the Council,
23 and

24 (2) travel expenses, including a per diem allow-
25 ance in lieu of subsistence, in the same manner as per-

1 (2) Subject to such rules as the Council may promul-
2 gate, the chairman may—
3 (A) appoint and fix the pay of 20 percent of the
4 number of regular, full-time technical and professional
5 employees, and
6 (B) appoint for terms not to exceed 3 years and
7 fix the pay of technical and professional employees in
8 addition to the employees appointed under subpara-
9 graph (A) as the chairman deems to be appropriate,
10 without regard to the provisions of title 5, United States
11 Code, relating to appointments in the competitive service,
12 and without regard to the provisions of chapter 51 and sub-
13 chapter III of chapter 53 of such title, relating to classifica-
14 tion and General Schedule pay rates.
15 (3) Upon the request of the Council, the head of any
16 executive agency is authorized to detail, on a reimbursable
17 basis, any personnel of such agency to the Council to assist
18 the Council in carrying out the duties of the Council under
19 subsection (b).
20 (j) The Administrator of General Services shall provide
21 to the Council, on a reimbursable basis, such administrative
22 support services as the Council may request.
23 (k) Not later than January 31 of each year, the Council
24 shall submit to each House of the Congress a report describ-

1 chapter III of chapter 53 of such title, relating to classifica-
2 tion and General Schedule pay rates.
3 (3) Upon the request of the Council, the head of any
4 executive agency is authorized to detail, on a reimbursable
5 basis, any personnel of such agency to the Council to assist
6 the Council in carrying out the duties of the Council under
7 subsection (b).
8 (j) The Administrator of General Services shall provide
9 to the Council, on a reimbursable basis, such administrative
10 support services as the Council may request.
11 (k) Not later than January 31 of each year, the Council
12 shall submit to each House of the Congress a report describ-
13 ing the activities of the Council and summarizing the results
14 of such activities during the previous calendar year.
15 (l) Section 14(a)(2) of the Advisory Committee Act (5
16 U.S.C. app.) shall not apply with respect to the Council.
17 AMENDMENTS TO OTHER LAWS
18 SEC. 35. (a)(1) Section 5314 of title 5, United States
19 Code, is amended by adding at the end thereof the following
20 new paragraph:
21 "(70) Administrator, National Employment Prior-
22 ities Administration.".
23 (2) Section 5315 of title 5, United States Code, is
24 amended by adding at the end thereof the following new
25 paragraph:

1 "(10) to the United States under section 9(d)(1) or
2 section 23(b)(1) of the National Employment Priorities
3 Act of 1979.".

4 AUTHORIZATION OF APPROPRIATIONS

5 SEC. 36. There are authorized to be appropriated such
6 sums as may be necessary to carry out the provisions of this
7 Act. Sums appropriated pursuant to this section shall remain
8 available until expended.

O

(1B-5pp)

Committee on Education and Labor

H.R. 5040

SUMMARY OF THE MAJOR PROVISIONS OF THE NATIONAL EMPLOYMENT PRIORITIES ACT OF 1979

A. Requires prenotification to affected employees and communities of dislocation of business concerns.

B. Provides assistance (including retraining) to:

(1) employees who suffer employment loss through the dislocation of business concerns;

(2) business concerns threatened with dislocation; and

(3) affected communities.

BRIEF SECTION-BY-SECTION ANALYSIS

SECTION 1. *Short title.*—Provides that the act may be cited as the "National Employment Priorities Act of 1979" (NEPA).

SEC. 2. *Findings and purpose.*—The Congress declares that:

(1) unemployment is a major economic and social problem which causes great loss to individuals, communities, and the Nation;

(2) irresponsible and unnecessary changes of operations at establishments of business concerns disrupt commerce and cause unemployment to increase drastically in local areas; and

(3) economic planning is needed to avert the dislocation of employment opportunities, and new mechanisms of public control are needed to insure that private investment decisions conform more closely to employee and community needs.

It is the purpose of this Act to prevent or minimize the harmful economic and social effects of unemployment on employees and on local governments caused when business concerns undertake changes of operations.

SEC. 3. *Definitions.*

SEC. 4. *Notice of intent to change operations.*—Provides that if 15 percent of the employees of the establishment will suffer an employment loss as a result of the transfer or closing, an agent of the establishment must furnish the Secretary of Labor, the affected employees and the local government written notice of its intent not less than 2 years in advance of closing or transfer where the number of employees suffering an employment loss is greater than 500; 18 months where the number is between 100 and 500; and 6 months where the number is less than 100.

SEC. 5. *Investigation of intended closing or transfer.*—Provides that, if within 60 days after the receipt of notice of intent to close an establishment, a labor organization or 10 percent of the employees of such establishment requests an investigation of a proposed closing; or if before receipt of notice 50 percent of the employees at an establishment request such an investigation; or if the Secretary determines it would serve the purposes of this Act, the Secretary shall conduct a thorough investigation, including public hearings. The Secretary has subpena power.

SEC. 6. *Report of investigation.*—Provides that at the conclusion of the investigation of a proposed closing or transfer, the Secretary shall prepare and publish a report containing findings with respect to:

(1) the economic reasons for the intended change of operations,

(2) the estimated extent of any economic or social loss to the employees affected,

(3) the estimated economic or social loss to any affected unit of general local government and to local businesses,

(4) the recommendations of affected labor organizations, local governments, and other interested persons,

(5) the feasibility of preventing or minimizing such employment loss by the modification of product lines and production techniques, and

(6) the Secretary's recommendations regarding actions to be taken in order to prevent or minimize the harmful effects which will result from the closing or transfer.

SEC. 7. *Ineligibility of certain employees for assistance.*—Individuals hired after notice of an intended change of operations is given, with knowledge of such notice, shall be ineligible for the assistance provided under the Act.

SEC. 8. *Notice of employment status.*—When a business concern closes an establishment or transfers an operation and lays off or reduces the wages of its employees it shall give the affected employees a written statement of employment status. If the statement does not assure that the employee will have his wages or employment restored within 26 weeks, the business concern shall begin making income maintenance payments immediately. If the statement contains such assurances and the business concern fails to prevent the employee's employment loss, it shall pay the employee a penalty equal to 26 weeks of income maintenance payments.

SEC. 9. *Transitional assistance by business concerns.*—

(a) Any business concern required to give notice shall pay its employees who suffer an employment loss 85 percent of their average wage, reduced by earned income, unemployment compensation and trade adjustment assistance, for a period of 52 weeks. No business concern shall be required to make total payments to an employe in excess of $25,000. No business concern shall be required to make payments to an employee who refuses a job providing wages as high as those in his old job, substantially equivalent benefits, and which utilizes substantially similar skills. No business concern shall be required to make payments to an employee who refuses to participate in or make good progress in a training or placement program provided under this Act.

(b) A business concern required to give notice shall pay the relocation expenses of any employee who accepts a transfer to an establishment of the business concern which is beyond reasonable commuting distance.

(c) Older workers shall be entitled to extended benefit payments, for which the business concern shall be reimbursed by the Secretary.

(d) When a business concern fails to make a payment required by this section, the amount becomes a debt to the United States and the Secretary shall make the payment at the employee's request.

SEC. 10. *Secondary liability.*—Provides that a business concern which transfers ownership of an establishment to avoid liability under this Act shall be liable to the United States to the extent the new owners of the establishment fail to make any payment required under this Act.

SEC. 11. *Transfer of employees.*—Any business concern required to give notice shall offer to each employee suffering an employment loss employment that becomes available at any establishment of such business concern for a period of 3 years. The employment shall offer wages as high as and benefits substantially equivalent to those received at the employee's old job.

SEC. 12. *Employee benefit plans.*—(a) Whenever a business concern is required to pay weekly benefits to an employee it shall also continue to provide and make contributions to any employee benefit plan with respect to such employee.

(b) Employees shall accrue credits for any week in which they receive income maintenance payments.

(c) If an employee suffers an employment loss at an establishment required to give notice and has at least 5 years of vesting service in a pension plan, his rights in such plan shall vest completely and nonforfeitably.

(d) Any employee who attains 55 years of age before suffering an employment loss shall be eligible to receive retirement benefits at age 62 if the normal retirement age under his plan is greater than 62.

SEC. 13. *Federal assistance to employees.*—(a) Directs the Secretary to implement a comprehensive program of assistance to employees who suffer or may suffer an employment loss, including: training programs, job placement services, job search expenses and relocation expenses.

(b) To the extent practicable, the assistance shall be made available before the employment loss and shall be made available through existing programs.

(c) The Secretary shall consult with the affected business concern and labor organizations before devising any retraining plan.

SEC. 14. *Related retraining assistance to employees.*—The Secretary may develop a special program to retrain employees for new jobs created at their establishment pursuant to an alternative production plan developed under section 15(b) (2) of this Act.

SEC. 15. *Eligibility of business concerns for assistance.*—A business concern required to give notice shall be eligible for assistance if: a substantial number of employees will suffer an employment loss; the business concern will make every reasonable effort to avoid such employment loss; and assistance will enable the business concern to operate without closing or transferring its operations from the establishment.

SEC. 16. *Assistance to business concerns.*—(a) The Secretary may provide financial assistance to eligible business concerns including loans, loan guarantees, interest subsidies and the assumption of outstanding debt.

(b) The Secretary may provide technical assistance, including grants and contracts for research and development in connection with new production and marketing techniques which will create new employment opportunities at the affected establishment.

SEC. 17. *Targeted Federal procurement.*—Provides that the Secretary may issue to eligible concerns a credit requiring Federal contracting agencies to treat the business concern's contract bid as if it were 95 percent of the amount stated in the bid.

SEC. 18. *Eligibility of local governments for assistance.*—Local governments are eligible for assistance if the chief executive officer of the State certifies that such government has or will suffer as a result of a closing or transfer of operations: (1) a substantial decrease in tax revenues; (2) a substantial increase in demand for social services; or (3) a substantial increase in the number of unemployed individuals residing within the local government's jurisdiction.

SEC. 19. *Assistance to local governments.*—Eligible units of local government may receive grants, loans and loan guarantees to: (1) provide additional social services; or (2) implement a public works project. Priority for funding shall be given to projects that will provide an

efficient means to increase employment opportunities over the long term and will further other national goals.

SEC. 20. *Eligibility of employers and employee cooperative associations for assistance.*—Eligibility shall be determined on the basis of an employer or employee cooperative's ability to create or expand lasting employment opportunities and the unavailability of equivalent assistance from any other source.

SEC. 21. *Assistance to employers and employee cooperative associations.*—The Secretary may provide loans, loan guarantees and technical assistance for the purpose of: (1) expanding operations at or acquiring ownership of an establishment; (2) constructing new establishments; or (3) undertaking research and development projects to identify new markets and employment opportunities.

SEC. 22. *Priority for providing assistance.*—Priority in providing assistance under sections 16, 19 and 21 shall be given where such assistance will enable employees at an affected establishment to continue to perform operations at such establishments.

SEC. 23. *Liability for loss of revenue.*—(a) A business concern shall pay to each unit of local government to which it was liable for taxes with respect to an establishment which it closes or from which it transfers operations, an amount equal to 85 percent of 1 year's tax revenues lost as a result of such transfer or closing.

(b) If a business concern fails to make such payment the Secretary shall pay it and such amount shall be a debt owed by the business concern to the United States.

(c) If a business concern transfers operations to an establishment located outside the United States when an economically viable alternative exists, it shall be liable to the United States for a sum equal to 300 percent of any tax revenues lost to the United States as a result of the transfer.

SEC. 24. *Criminal violations and penalties.*—(a) Provides a maximum $1,000 fine and 1-year prison term for knowingly making false statements or failing to disclose material facts for the purpose of obtaining payments or assistance under this Act.

(b) Provides a maximum $10,000 fine and 5-year imprisonment for making false statements or failing to disclose material facts required to be disclosed under section 4.

SEC. 25. *Civil violations and penalties.*—Provides that it shall be unlawful for a business concern to fail to give the notice required in section 4; to provide assistance required in section 9; or to pay debts owed to the United States under this Act within 180 days. The Secretary shall assess penalties for such violations not to exceed the sum of: (1) any depreciation claimed for equipment transferred, disposed of or abandoned as a result of the closing or transfer; (2) any investment tax credit claimed for such equipment; (3) any business expense deduction directly related to such transfer or closing; (4) any economic benefit paid by a foreign government to induce the business concern to relocate outside the United States; and (5) 1 year's savings to the business concern in wages and unemployment taxes as a result of transferring its operation outside the United States.

SEC. 26. *Violations of employees' rights.*—It shall be unlawful for any business concern: (a) to fail to offer an employee a transfer as provided in section 11(a); or (b) to discriminate against an employee because she sought to vindicate a right guaranteed by this Act; (c) provides a remedy for violations of this section.

SEC. 27. *Recovery of overpayments.*

SEC. 28. *Reserves; recording requirements relating to loans.*

SEC. 29. *Congressional disapproval of rules.*—Provides a two-house veto of any rule promulgated by the Secretary for purposes of carrying out this Act.

SEC. 30. *Reports; legislative proposals.*—(a) After any program initiated by the Secretary under this Act has been in operation for 3 years, the Secretary shall evaluate its effectiveness and issue a report to Congress.

(b) The Secretary shall propose legislation: (1) to provide appropriate assistance to eligible units of local government; and (2) to require business concerns to report employment opportunities for inclusion in the nationwide computerized job bank created by CETA.

SEC. 31. *General powers of Secretary.*

SEC. 32. *Implementation of employment policies through National Employment Priorities Administration.*

SEC. 33. *National Employment Priorities Administration.*—Provides for the establishment of an administration within the Department of Labor, headed by an administrator appointed by the President and approved by the Senate. In addition to performing any powers and functions delegated by the Secretary, the Administrator:

(1) may conduct research projects relating to any relationship between unemployment and closings or transfers of establishments; and

(2) shall identify alternative services and products which a business concern required to give notice could profitably provide if given assistance under section 16.

The Administrator shall establish appropriate regional offices of the Administration.

SEC. 34. *National Employment Priorities Advisory Council.*—Establishes a council composed of 15 members, including the Secretary of Labor, the Administrator of the Environmental Protection Agency, the Director of the National Commission for Employment Policy, the Secretary of Commerce, the Secretary of H.E.W., four representatives of the general public, three representatives of labor organizations and three representatives of business.

The duties of the council shall be:

(1) to advise and assist the Secretary with respect to this Act,

(2) to review and evaluate the effectiveness of programs carried out under this Act,

(3) to study and report on areas of economic activity where the United States may in the future operate at a competitive disadvantage with other countries and where large economic dislocations may occur, and

(4) to research and prepare new programs to assist employees and communities affected by closings and transfers and to assist business concerns to expand or create new employment opportunities.

SEC. 35. *Amendments to other laws.*

SEC. 36. *Authorization of appropriations.*—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. WILLIAMS. I want to introduce now the majority counsel to my right, Fred Feinstein, and the minority counsel to my left, Edie Baum. They will join me in asking questions where appropriate of the witnesses.

OPENING STATEMENT OF HON. WILLIAM (BILL) CLAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. CLAY. It is a pleasure to be in Missoula today to examine the extremely important issue of plant closings.

It has become increasingly apparent that plant closings are truly a national problem. Shutdowns are occurring in virtually every section of the country, East, West, North, and South. The notion that the underlying problem is that plants are leaving a particular section of the country and moving to another section is simply not true. A recent study, one of the most exhaustive to date, concludes that shutdowns are increasing in every region. There is good evidence that the highest rate of closings are in the South, the region which is usually thought to be the beneficiary of closings.

Thus, we are not talking about a regional problem but one that is nationwide. The plant closing phenomenon is not about the growth of one region at the expense of another, rather it appears that the increase in plant closings is becoming an integral part of the economic environment throughout the country. It is my belief that this growing phenomenon is an important contributing factor to rising unemployment, inflation and the general lack of stability of the economy. We are just beginning to understand the hidden costs both economic and social of plant shutdowns.

We are in Missoula today and we will be in Oregon on Monday, to find out how this problem has affected the Northwest. We hope and intend to hold hearings in all sections of the country to develop a picture of just how plant closings are affecting the country as a whole. We will be asking why do plants close? How do companies arrive at the decision to shut down and what are the consequences of this decision?

H.R. 5040, the Ford-Riegel bill, which is cosponsored by myself and 55 other Members of Congress, is the most extensive proposed legislation dealing with plant closings. The underlying assumption of H.R. 5040 is that plant closures have a profound affect on workers, companies, local communities, and local governments. The bill contains several provisions that would assure the continued operation of profitable plants and provides for assistance to workers, companies, communities, and local governments when plants close down.

Shutdowns are affecting more and more people and communities across the country. The suffering it has caused has become more severe. It is our hope that the witnesses today will assist us in better understanding what we are dealing with. We must begin to confront the problems of plant closings realistically, forcefully, and effectively.

Mr. WILLIAMS. Our first witness today is the mayor of Missoula, Mayor Cregg. I haven't seen Bill. Is he here yet?

Let's go to our second witness, the chief executive of Butte-Silver Bow, Don Peoples. Don?

STATEMENT OF DONALD R. PEOPLES, CHIEF EXECUTIVE, BUTTE-SILVER BOW GOVERNMENT

Mr. PEOPLES. Congressman Williams, counsel, all those interested in hearing the hearings on plant closure, I'm delighted to be able to be here this morning and to talk to you about Butte, Mont.

Butte, Mont., is a classic example of a community that has suffered dramatically from curtailment of industrial activities. Butte has a long history of curtailment in operation associated with the mining industry. Prior to 1920 it has been documented that Butte had a population in excess of 70,000 people with over 15,000 persons employed in the mining industry. Through the years, advances in technology and a fluctuating demand market for minerals, mainly copper, has resulted in periods of economic decline to the community.

As a result of curtailment in mining operations and advances in technology that now require less manpower to extract minerals from the earth, Butte now has a population of approximately 37,500 people. Approximately 1,750 persons are employed in the mining industry as compared to the peak employment of over 15,000. Developments in the mining industry have resulted in the closure of underground mining operations in lieu of open pit mining. The Anaconda Co. began open pit operations in the late 1950's and since that time we have a substantial curtailment of work force. In 1974 the Anaconda Co. reduced their employment level in the Butte-Anaconda area by 1,500 or 40 percent of their personnel. Most recently Anaconda Co. action in January of 1980 resulted in a further reduction of personnel of approximately 250.

The impact of these reductions have had a serious effect on nearly every segment of the community. The loss of basic industry jobs impact negatively upon the business community, the school system and local government as well as other elements of the community. Let me cite for you examples of what the loss of 100 basic industrial jobs will do to a community.

The loss of 100 basic industry jobs will mean: the loss of 97 families and approximately 350 people from a community; 80 fewer school-age children; the loss of $1,036,000 in personal income; a decrease of $.5 million in bank deposits; the closure of at least 1 major retail establishment; the loss of $565,000 annually in retail sales; the loss of 42 additional jobs in nonbasic industries.

These figures may seem extreme but let me assure you they are conservative. We, in Butte, have witnessed in real terms the impact of what these figures depict.

In terms of my specific area of expertise, administration of local government, I can relate very vividly to you the impact that industrial curtailment has had on the operation of Butte-Silver Bow government. The community once built to serve a population nearly twice its present size is now left in a position of supporting an infrastructure much larger than the population would normally support. Public buildings, water and sewer systems and the street system originally built to support a 70,000-plus population must now be supported by a population of less than 40,000. Age and deteriorating of the infrastructure places an additional burden on the remaining population.

School population has decreased dramatically. From 1950 to 1979 there has been a decrease of 4,280 school age children, and the local school district has abandoned or closed several elementary schools in the past decade.

Through the years the impact on tax revenues has been especially significant. The mining industry accounts for over 25 percent of the taxable valuation of the community. In 1923 the State legislature passed a net proceeds tax against all metal mines in the State of Montana. The net proceeds tax was strictly a profit tax from which the mining companies could deduct mining expenditures. The net proceeds tax was calculated annually as a portion of the total county taxable valuation. For 50 years Butte experienced drastic levels of net proceeds. In the one year proceeds would be fairly high and in other years net proceeds would be nonexistent. The heavy dependence upon the mining industry in terms of tax revenue played havoc with the local government's ability of delivery of services. Total valuation including the net proceeds would mean in some years a 25-percent decrease in tax revenues.

The net proceeds tax has now been replaced with what is called gross proceeds tax which is more of a severance tax. The industry pays a percentage on the metals extracted instead of a profit tax. This has substantially stabilized the tax revenue, but as a side issue to curtailment and shutdowns, the Butte-Silver Bow community will lose $150,000 of tax revenue monthly if the existing copper industry strike is prolonged.

Efforts to expand the local economic base have been moderately successful in Butte-Silver Bow over the past 10 years but these efforts have not affected the loss of basic mining industry jobs that have resulted in the same period. It is my belief that every conceivable effort should be explored to prevent closure of industrial facilities without a replacement program to offset the disastrous effects that result. Private enterprise has a responsibility to the communities where curtailments are planned to assure those communities that they will not be left victims of economic despair. Federal and State governments also have a responsibility to assist local communities in maintaining a sound economic base by preventing the widespread closure of plants and industrial facilities. Careful consideration should be given to tax incentives for industrial development and for the establishment of reasonable environmental controls. Montana is now experiencing a number of situations that could have long-term serious effects on industrial development and could cause curtailment of industrial operation that would affect several communities. It is the responsibility of industry, State, Federal, and local government to work in concert to prevent further industrial curtailment or plant closures anywhere in the State of Montana. Any questions?

Mr. WILLIAMS. Thank you, Don. What does the threat of closure or the threat of strike do in general terms to the economy of Butte-Silver Bow?

Mr. PEOPLES. It's dramatic. Anytime that you have the threat of a labor stoppage or you have a threat of a plant closure, a reduction of a work force, you see immediate reaction on the part of the entire community. The business community slows down considerably. Those folks

that are going to be affected jobwise stop spending. They begin, of course, preparing for the inevitable day that there will be a curtailment in the work force for whatever reason, and they just simply stop buying, and it has a tremendous effect on the economy.

We also see a tremendous effect during periods of work stoppages and periods of curtailment where the tax revenues, the number of delinquencies in tax revenues rises appreciably.

Butte-Silver Bow has a larger than normal percentage of delinquent taxes, somewhere in the neighborhood of 4 to 5 percent annually, which, in my opinion, is far too high, but we have seen and examined that during periods of economic curtailment and periods of work stoppages that that delinquent rate increases appreciably so it has a tremendous effect in the community. It has a tremendous effect on the morale of the community also. I think that's probably one of the most devastating things that we're going through right now. Everyone in the community, because of the work stoppage that has resulted in the national copper strike, I guess you could say, that the dobbers are down in Butte, and when the spirits are down it's very, very difficult to maintain an aggressive posture, to move a community forward.

Mr. WILLIAMS. What's the responsibility of local government to industry?

Mr. PEOPLES. Well, I think that local industry and/or local government and industry have to work very carefully and very closely together. As a result of your action last January when there was a curtailment of some 250 jobs in the Butte area, it was at your suggestion that we set up a coordinating committee or liaison committee between local government and the Anaconda Co., and we've done so. The strike, of course, has interfered with deliberations of that committee, but we have met on two occasions now and have began laying the framework for what we would consider an exchange of information between the mining industry, particularly the Anaconda Co., and local government where the Anaconda Co. has indicated that they will lay out their plans to local government, and local government can react to those plans, and in, I think, a very sensible fashion. I think local government has a responsibility to assist wherever possible and within reasonable manners the development of basic industry jobs.

Those of us in Butte have experienced a program where we have worked very diligently over the past 15 to 20 years, at least, to attract other industry into the community to offset the effect of the one-industry down. It's been very difficult. We've been able to attract through the Montana Energy and Research Development Institute and Magnetohydrodynamics, and the National Center for Appropriate Technology approximately 100 additional jobs in the community.

Then I think local government has a responsibility to their citizens to assure that their economy is diversified, but those have been very, very slow in coming. We indicated some 600 jobs have been created. At the same time in the same period, we've lost 1,500 jobs in basic industry, so I think that local government has a direct responsibility, not only to the people of the community, but it has a responsibility to the industries that locate in the community and to the people that are working for industry to become fully apprised of the developments in the area to assist wherever possible in the development of

facilities. We have such procedures and industrial revenue bonds that, I think, can be utilized by industry and are utilized by industry in our community for environmental improvements. Stoffard Chemical has taken advantage of the industrial revenue bonds procedures in Butte-Silver Bow and for industrial and for environmental controls, and we invite that. We encourage that type of action and interaction between industry and between local government.

Mr. WILLIAMS. Questions, majority counsel?

Mr. FEINSTEIN. What's your sense of what a company might constructively do once the decision to shut down has become inevitable? What's been your experience, or what's your sense of what would be some of the steps that would be useful in such a situation?

Mr. PEOPLES. Well, I think just the point that I made earlier, a point that I brought up last January, and that is oftentimes street talk predicts closures very accurately far before the actual closures take place. We saw that in the last curtailment of some 250 jobs in the Anaconda Co. operations in Butte. That talk was on the street in September. Then in January it became truth.

It seems oftentimes that the people that are working in the operations have a better sense of what is happening as far as the future of the company than oftentimes those of midmanagement or high management level. So I think that, to answer your question directly, I think that industry has a responsibility to keep government well informed of their plans. Oftentimes programs, Federal programs, CETA programs which we've utilized in the past, we've taken advantage of those programs, but we've taken advantage of those programs after the fact.

I think it would be well if industry could work with local government more closely to keep them informed if there's going to be closure, and there are times when I'm sure the economy dictates there are going to be closures, but I think industry has a responsibility to forewarn the community and not to just come in on July 1 or January 1 and say "We are laying off 150 people. 250 people, we are closing the plant entirely effective 15 days henceforth."

I think that's wrong, and it's an injustice to the community, and it's an injustice to the relationships between the industry and the people that work with them and the community in which they operate.

Also, I think there's got to be closer liaison between industry and the communities in these matters, and I think that was one of the things we're working on in the Butte situation. The Anaconda Co. has indicated now that they will lay out their long-range plans for the community and discuss those plans and what impact they're going to have so the community can then plan for those developments or those curtailments.

Mr. FEINSTEIN. Could you briefly give some indication of what some of the planning would look like; in other words, what does greater leadtime enable you to do?

Mr. PEOPLES. Well, I think a lot of things—just on the budget development of the community, we're certainly going to be faced—any community that's going to be faced with a major curtailment, the community has to begin budgeting in their own local government, but in another area of local government may want to seek assistance from

the Federal Government in terms of CETA positions or some other economic stimulus that may result in the prevention of that work stoppage.

Mr. FEINSTEIN. Thank you.

Mr. WILLIAMS. OK, minority counsel?

Ms. BAUM. Thank you. I was wondering where in Butte—you talk about the curtailments; are they a result of closedowns or relocations or strikes?

Mr. PEOPLES. Well, no. I think—no. The history of Butte is, I think, mainly we're talking about technology in the area. That we've seen advanced technology open pit mining operation in lieu of underground mining operations. Now, that has been a major factor, but we also see in our neighboring community of Anaconda, we're very concerned what the decision might be in that community, and we hear, again, varying reports of what's going to happen to the smelter activities in Anaconda. Of course, those concern us very much, because Butte and Anaconda are very close in terms of their economy, and, if there were to be a closure there, we would certainly feel very drastic effects.

Primarily, in Butte the operation has been one of advances in technology and not one of plant closures.

Ms. BAUM. Do you think, as a matter of your own opinion, that getting involved in these relocations or these plant closures, the level of responsibility of government should be at the local level or the State level?

Mr. PEOPLES. I think it's got to be at both the local and State and Federal.

Ms. BAUM. How do you see the Federal Government playing a meaningful role?

Mr. PEOPLES. Well, I think that Congressman Williams is a good indication of what action was taken last year in regard to plant closures. There were some curtailments that did take place in the community. Congressman Williams was one of the first persons to get me on the phone and to talk to me about the closures and what could be done from his level, and I think one of the things he was looking at and one of the things we discussed openly, the Anaconda Co., at that time was what were some of the problems that they were having in the area. The air quality standards are certainly an area of concern. I'm sure that the Congressman has looked very closely at that and will have some meaningful input into the air quality standards that will eventually be adopted, and I think also that Congressman Williams, by bringing himself and Congressman Santini to our area in January, I think they had a better understanding with the Anaconda Co., when they left as to what some of the problems the Anaconda Co. might be facing in the community and some of the things they might do to assist in that operation.

Ms. BAUM. Thank you.

Mr. WILLIAMS. Thank you, Don. We appreciate your testimony here today, and I request that you and the other witnesses place a copy of your testimony on the corner of the press table. Thank you very much.

Next witness is the administrator of the employment security division, Fred Barrett. Fred?

STATEMENT OF FRED BARRETT, ADMINISTRATOR, EMPLOYMENT SECURITY DIVISION, MONTANA DEPARTMENT OF LABOR AND INDUSTRY

Mr. BARRETT. Congressman Williams, members of the staff of the committee, I'm happy to be here to present some material which I've had the research and analysis section of the employment security division prepare, and I think it may be helpful to the committee. I will not go into complete detail in reading it. It's some statistical analyses, and it actually shores up the statements made by the previous witnesses on the effects of plant closures in basic industries, and that was our attempt, to present to the committee some material which you could have in your records that would be helpful in measuring the impact of such closures.

Mr. WILLIAMS. Without objection, that material will be considered as part of the record.

Mr. BARRETT. Thank you. When a manufacturing plant permanently closes in Montana there is more than measurable relationship involving employment and income that should be considered. Mr. Peoples mentioned some of the aspects, and I will not repeat them. I can only say in general the economic well-being of an area can affect a standard of living, not only of those people who are directly involved in the loss of work, their loss of income, but also of the people in the entire area and the other businesses, and another interesting thing to consider when we look at the chain reaction of a plant closure is that many of the other businesses in an area are located in that area because of the basic industry being there, and that give us an easy understanding as to why there is this chain reaction when the basic industry closes, because of the reaction of loss of employment, loss of spending. That affects the derivative industries and businesses which located in that one area.

The loss of income to the workers is money that won't be spent in local businesses, and, if these workers move out, of course, then that loss becomes permanent. What Mr. Peoples said of Butte is equally true of Missoula. To give you an indication of how this line of thinking goes, in Missoula County in 1979 there were an average of 29,525 persons employed during the year. Of this total 6,634 were employed in basic industries and 22,891 employed in derivate industries. Then we look at what the ratio would be then, the 22,891 to 6,654 or 3.45. In other words for each person employed in basic industry and manufacturing, and so on, there are 3.45 employees in the derivative industries, the construction services, et cetera. So what that amounts to is a reduction of 1,000 jobs in Missoula in basic industry which means 3,450 jobs lost in the derivative occupations.

Statewide we have the same kind of reaction. However, we find that in studying Missoula County, it has a greater effect. With plant closure of basic industry, there is a greater effect in Missoula County because of the ratio of basic industry to derivative industries, because it is higher in Missoula than statewide.

Of course, we have the psychological effects on both the people laid off and also those in the other surrounding communities that see this, read the newspapers, understand that there are economic problems in the community. The statement attached is not only attached to the

67-746 O - 81 - 6

unemployed but also affects his family, his neighbors, and puts a strain and stress, as was indicated before, on all of the services in the community, resultant loss of taxes, and so on.

I might say that there is one basic program which I think I can show pretty graphically has assisted in the most recent closure here in Missoula. Ordinarily the information that I would be presenting now would not be released at this time, because it is what we call depressed information. It is gained from the reports we received from the businesses involved.

In the case of Evans Plywood Plant, however, since they did close, and since this information has become public knowledge, I think that it's proper to introduce it for the committee's consideration.

The permanently laid-off workers at the Evans Plywood Plant in Missoula directly affected 360 persons. The impact of this event will be eventually felt in the derivative industries, both in income lost and jobs lost. For each dollar of basic income generated in Missoula County, we can say between $1 and $2.22 are being generated by derivative industries. That's how the income relation to the jobs lost figures out in Missoula.

So we can carry that on the average monthly income at the plant for the three quarters was $558,746. Average employment for that same period was 432 people. That comes to $1,240,416 which will be lost each month in derivative industries because of the closure and the loss of work of these 360 people.

The effect on employment in derivative industries will be up to 1,242 derivative employees. The total income effect will be as follows: We take the Evans income loss of $558,746, the derivative income loss of another 558 and that's the low estimate. Say that one person, one other worker per Evans employee, add those together, and the loss estimate that we come up with is $1,117,492. It could, however, go as high, figuring the complete ratio, it could go as high as $1,799,000 a month.

Some of this has been softened by the only ongoing program that helps people involved in plant closures, and that is the Unemployment Insurance System. While it has its flaws, and many businessmen look at it askance, it should be run properly; it should be used properly. It is for temporary loss of income only, but at the moment if it were not for the unemployment insurance payments being paid to the laid-off workers as a result of Evans closure, we could account for 1,602 of the approximately 4,000 unemployed in Missoula County as having been directly responsible or as a result of the closure. However, because of the unemployment payments that we're making, that figure is cut down about the equivalent of 360 laid off, but this is only a temporary stop-gap thing. We have to look at the future, and, unfortunately, the trade readjustment request made by the workers at Evans was turned down by the Secretary of Labor. That too would have been only a temporary thing, but I point this out because there is no ongoing program other than unemployment insurance which helps soften this blow, and right now I would think that the businessmen of Missoula, the whole community, in addition to the people who are getting these weekly checks, would be thankful that this program is in existence, because without it we would estimate there would be another 300 or 400 workers losing their jobs because of this closure.

In closing, I will leave this rather detailed analysis for the committee, and thank you again for the opportunity to present this.

Mr. WILLIAMS. Thank you, Fred. What is the contribution rate of employee and employer to the employment security fund?

Mr. BARRETT. The tax rate depends upon the industry and the experience of that particular industry. In the case of the wood products industry, generally in the logging end of it, their rate is the highest, runs in the highest, which is 4.4 percent of the first—this year it will be $7,600 base pay or base wage that we tax, and in the case of an ongoing, permanent installation like Evans, I don't have the information. I will provide it for you, but I would guess that the rate goes down to approximately 3 percent or 3.1. The lowest rate that we have on the books now is 1.9, so we have a range of rates depending on their experience from 1.9 to 4.4 percent of the first $7,600 of income.

Mr. WILLIAMS. You've been involved in the public life for many years. Would you give me your sense of what you think government's responsibility—whether it's local or State or Federal government—government's responsibility is toward industry and toward trying to assure a proper economic and regulatory climate within which industry can operate.

Mr. BARRETT. Well, in the first place, I think that we should approach this whole problem without an adversarial relationship involved, because I think it is a common problem, not only of Federal, State, and local governments and the industry, but all the people, so I think we should dispense with an adversarial approach to this and look at it as a problem which we all either gain or lose by.

I think the Federal Government should step in if there is no other machinery or there are no other actions by industry, local, or State government that are going to help solve the problem, and the way the economic picture is now at almost every plant closure in my estimation of any size becomes more of a national problem than local or State because of complexity of our society. For instance, zeroing in on Butte and on Missoula, the products coming out of these two areas are nationally consumed products. They are not consumed here in Montana, and so it transcends State borders, and I think the Federal responsibility is one to help guide and direct policy that would help solve the problem. The Federal Government has its own relocation problem in the case of defense plant shutdowns. We were involved directly with the overnight shutdown in 1971, I think it was of the ABM missile system.

Mr. WILLIAMS. Let me interrupt, Fred. If the legislation is passed with regard to plant closure, should it include Federal installations?

Mr. BARRETT. Well, I understand that the plant closing policy of the Federal Government is authorized by law now. I don't know. Let me think on your question; the Federal Government certainly should have a consistent policy toward its own—toward the problems that it causes on its own policy change as well as private industry, and the private industry certainly should not be treated—any more burden laid on private industry than the Government lays on itself.

Mr. WILLIAMS. Thank you. Counsel?

Mr. FEINSTEIN. Let me ask you specifically about the unemployment insurance program. Do you have any suggestions on how that system might be better adapted to a plant closing situation?

Mr. BARRETT. The way it's operated now, of course, and I think it's proper, it's aimed at benefit payments for those temporarily unemployed through no fault of their own. The Trade Readjustment Act, of course, extends that theory and does include the industries or businesses that are shut down or have to lay workers off because of foreign imports. I think that this would not be the right vehicle to use over an extended period of time to help solve this problem.

I think it is a correct system to use for temporary needs, and it can very well be adapted to whatever transition period is needed between the time a plant is closed and a resolution of the problem down to the individual worker is reached, but, to answer you, I would say, no, it is not the system that should be enlarged or used for this purpose. It does have a different purpose, and it is for temporary relief rather than permanent relief.

Mr. FEINSTEIN. Prior notification is, of course, one of the main aspects of H.R. 5040 and plant closing legislation. Would that have any impact on your ability to effectively administer the unemployment insurance system, or would that be irrelevant to you?

Mr. BARRETT. No. It's relevant. We not only administer the unemployment portion of the labor market problems, we also administer and run the local job service or employment offices, and I think they should be, and we do work with them hand in hand, and, in conjunction with some advance notice, would help in planning ahead to see where these workers, if the inevitable comes and they're laid off, that we can plan ahead and have other jobs lined up for them or, at least, opportunities for them in advance, and so I would echo the sentiments mentioned earlier that the most advance notice possible would be the best we could get.

Mr. FEINSTEIN. Thank you.

Mr. WILLIAMS. Counsel?

Ms. BAUM. Nothing.

Mr. WILLIAMS. Fred, one final request: I will send to you a list of these plants which have closed in the past couple of years in Montana, and I request that your people prepare for the committee the unemployment which you believe is directly related to these closures. Let me read them for you, and then I'll see that your office gets them.

Mr. BARRETT. All right.

Mr. WILLIAMS. Pack River in Thompson Falls, Evans Products here, Kevin Refinery near Sunburst, the rug plant at Crow Agency, and the meatpacking plant in Great Falls. It would be interesting for the committee to learn what effect the closing of those plants has had on the unemployment rate in a rural State like Montana.

Mr. BARRETT. Fine. May I say——

Mr. WILLIAMS. Thank you very much.

Mr. BARRETT. May I say one thing in closing, it just appears to me that we could help arrive at a common solution to this if we could generate the same excitement toward handling the social problems involved in a plant closure as is generated when news of a possible plant location comes to a community and everyone bands together to lure it here, and, if we do get those same elements to working together to take care of the problems when a company has to disband, we would all be better off.

Mr. WILLIAMS. Thank you very much.

[Material submitted by Fred Barrett follows:]

PLANT CLOSURES: An Economic Impact

(Prepared By Research and Analysis Section, Employment Security Division, Department of Labor & Industry)

In any area, whether it be a county, SMSA, labor market area, or the state as a whole, the level of total economic activity is determined by the activity in those industries which are producing for export outside of their own area. Therefore, an area's economic growth depends mainly upon the expansion of its export, or basic, industries. But these basic industries involve only one side of the total picture. It is the derivative component of the economy that is permanent and enduring, and a viable and efficient sector is necessary to support and attract basic industries. Consequently, a good industrial mix is very important to an area's overall economy.

When a manufacturing plant permanently closes in Montana, there is more than the measurable relationships involving employment and income that must be considered. There are the social aspects that can't be measured, but that still play an important role in an area's economy, and even more specifically in the locality of the plant shutdown. Many business people may have based their original location on the plants that were already operating within a certain area. The economic well-being of an area can affect the standard of living those people want to achieve or are now enjoying. Prevailing social valuations define what constitutes a satisfactory standard of living. Society conceives standards of living as continuously improving. This ideal leads to consumption habits in which existing goods are repeatedly exchanged for new ones.

When a major plant shuts down, not only those businesses that located in the area because of the plant's location, but all businesses, and even the general population can be affected from permanent layoffs and loss of income.

There are other social benefits a plant can provide not only to the immediate area, but to the State as a whole. An action taken by the plant can result in uncompensated benefits to others, and when such benefits are due to an increase in a firm's production, they are called external economies of production. This can happen both directly and indirectly. A direct benefit occurs, for example, when the plant trains workers that eventually go to work for other firms that do not have to pay the training costs. Indirectly, the plant's increased output could make it more economical for firms outside the industry to provide services to other firms in the industry by taking advantage of economies of scale. In either case, the gains to society are greater than the gains to the plant.

Another area deserving consideration is the effect national economic cycles have on an area. Although Montana's sensitivity to national business cycles is very low-Montana ranks 47th out of the 50 states-, national conditions can affect a specific area within the state alarmingly. A good example of this is the slump in the housing industry. The Lumber and Wood Products Industry, centered in Western Montana, has strongly suffered because of this slump in the housing industry, largely brought on by inflation and high interest rates. This caused the closure, both temporary and permanent, of plants in Montana's western counties.

These plant closures also have psychological effects on both the people laid off and also on the basic and derivative industries that deal with these people. The stigma attached to being unemployed affects not only the plant worker who was laid off, but also the entire family. This worker must now find another job in a plant that can utilize his present skills. He may not want to relocate the family, but may have to move to another community to find work for which he/she qualifies. While this process is going on, the other industries in the area are concerned with the loss of income of the laid off workers.

The loss of income to these workers is money that won't be spent in the local businesses, and if these workers move out of the area to take another job, this is a permanent loss.

Another area that deserves mentioning is the effect on the tax base when a plant closes. The workers' lost income means fewer dollars collected through taxes on the national, state, and local levels. The overall effect may not be very strong on the national level, and may only be slightly stronger at the state level, but if most workers of a major plant closure leave the area or even the State to find work, the effects on the local tax base will probably be felt.

ECONOMIC BASE ANALYSIS OF PLANT CLOSURES

The economic effects of a reduction in employment in a particular industry can be measured in terms of lost income and lost jobs. Manufacturing of lumber and wood products (SIC Code 24) is one of several types of manufacturing enterprises in Missoula County. Manufacturing-along with mining, agriculture, and federal government employment-are assumed to be the general "basic" industries because they export their goods and services outside of their respective area. Derivative industries-those where employment levels depend on the activity of "basic" industries and sell their goods and services within the area-are usually TCU, state & local government, service, trade and FIRE.

In Missoula County in 1979 there were an average of 29,525 persons employed during the year. Of this total, 6634 were employed in basic industries and 22,891 employed in derivative industries. The derivative to basic ratio would then be 22891/6634, or 3.45. In other words, for each person employed in a "basic" industry (agriculture, manufacturing, etc.) there are 3.45 employees in the derivative sector (construction, service, etc.). For the state of Montana in 1979 the ratio is 2.65 (229,800 derivative jobs/86,800 basic jobs). Assuming these ratios remain relative, this allows us to understand and predict how changes in one of the economic sectors will impact other sectors of the area economy.

A. Manufacturing Employment in Missoula County (Table I)

In 1979 there were 4,779 persons employed in the manufacturing industry in Missoula County. Of this total, 3148 (65.8%) were involved in the manufacture of lumber & wood products.

Statewide in 1979 there were 26,880 manufacturing employees. 40.7% (10,928) were involved in lumber & wood products. So, the Missoula area has a much higher concentration of lumber & wood manufacturing employees than the state as a whole.

Nearly 3 of every 10 (3148 of 10,928) lumber employees were in Missoula in 1979. In contrast, only about 10% of total statewide employment is in Missoula County.

B. Distribution of Employment by Industry (Table II)

Missoula County has a lower concentration of employees in basic industries than the state. Thus, in Missoula County, the effects of a reduction in basic employment will be more severe than the same reduction for the state.

For example-and assuming the ratios remain constant- a reduction in manufacturing employment of 1000 in Missoula would result in 3450 jobs being lost in derivative occupations. Statewide, the same event would result in 2650 jobs being lost in derivative occupations.

In effect, the Missoula area economy is "leveraged" more than the state as a whole. Reductions in "basic" employment have more severe implications in Missoula due to there being more "derivative" employees relying on a "basic" employee to pull money into the area. The converse is true, also. Missoula County will enjoy higher derivative employment for each basic job added.

C Distribution of Income by Industry (Table III)

Applying the same concepts to income levels reveals that the Missoula area is less "leveraged" than the state.

For example, the loss of $1.00 in income in a basic industry in Missoula would result in $2.22 being lost in derivative industries. Statewide the result of $1.00 lost would be $2.96 lost in derivative industries.

The reason this is so much different than employment levels is that wages in "basic" industries exceed those of derivative in Missoula. The fact is that a smaller group of people (basic employees) make more than their share of the money.

TABLE I

MANUFACTURING

(SIC 20-39)

	1978		1979	
	STATE	MISSOULA COUNTY	STATE	MISSOULA COUNTY
20	4027	327	4112	368
23	201	9	194	9
24	10,741	3115	10,928	3148
25	123	51	127	58
26	657	538	686	573
27	2275	296	2365	310
28	714	*--	606	20
29	1069	20	1042	1
30	74	10	96	4
31	16	--	26	--
32	1369	91	1354	88
33	3206	12	3270	16
34	552	34	585	42
35	401	9	446	9
36	232	--	310	--
37	202	21	173	25
38	92	75	105	87
39	497	20	455	18
TOTAL	26,446	4628	26,880	4779

* SIC 24: Lumber and Wood Products Manufacturing

TABLE II

	MISSOULA COUNTY		STATE OF MONTANA	
BASIC EMPLOYMENT	1978	1979	1978	1979
Agriculture	409	405	33,000	32,200
Manufacturing	4627	4776	26,300	26,900
Railroad	INA	INA	6800	6800
Mining	55	33	7000	7600
Federal Govt.	1356	1420	13,600	13,300
TOTAL	6447	6634	86,700	86,800
DERIVATIVE EMPLOYMENT				
Construction	2029	2202	16,700	15,300
Other TCU	1474	1502	14,900	15,800
Other Govt.	4764	4510	58,100	56,800
Service	5367	5576	52,500	54,700
Trade	7543	7809	72,200	74,500
Fire	1237	1292	12,200	12,700
TOTAL	22,414	22,891	226,700	229,800
TOTAL EMPLOYMENT	28,861	29,525	313,400	316,600
RATIO (Derivative/Basic)	3.48	3.45	2.61	2.65

TABLE III

	MISSOULA COUNTY 1978	STATE OF MONTANA 1978
BASIC INCOME		
Agriculture	1,650	340,713
Manufacturing	81,958	442,012
Railroad	--	135,154
Mining	675	159,466
Federal Govt.	25,692	295,208
TOTAL	135,667	1,372,553
DERIVATIVE INCOME		
Const.	42,131	335,965
Other TCU	44,033	282,742
Other Govt.	52,698	550,530
Service	65,584	610,743
Trade	77,569	725,897
Fire	19,815	184,711
TOTAL	301,830	2,690,588
RATIO	2.22	2.96

D. Where the Impact Will Be Felt of Reduction in Employment.

The permanent layoff of workers at the EVANS PLYWOOD plant in Missoula directly affected 360 persons. The impact of this event will be eventually felt in "derivative" industries both in income lost and jobs lost. For each dollar of "basic" income generated in Missoula County between $1.00 and $2.22 is generated in derivative industries. Average monthly income at the plant for the last three quarters (79-4, 80-1, 80-2) is $558,746. Average employment is 432 for the same period. Up to $1,240,416 will be lost each month in derivative industries (1,240,416 = 2.22 x 558,746). The effect on employment in derivative industries will be up to 1,242 derivative employees (1242 = 3.45 x 360). The total income effect will be as follows:

	Low Estimate	High Estimate
Evans Income Lost	$558,746	$558,746
Derivative Income Lost	$558,746	$1,240,416
TOTAL	$1,117,492	$1,799,162

Mr. WILLIAMS. Next witness is the educational service representative for the Montana Office of Public Instruction, Jam Palmer. Jim?

STATEMENT OF JIM PALMER, EDUCATIONAL SERVICE REPRESENTATIVE, MONTANA OFFICE OF PUBLIC INSTRUCTION

Mr. PALMER. Good morning, Congressman. Congressman Williams, counsel, ladies and gentlemen. I'm pleased to be here this morning. I am an educational service representative for the superintendent of public instruction, Georgia Rice, who has asked me to present testimony on her behalf.

Superintendent Rice's purpose in offering testimony is to express her concerns about possible effects of some provisions of H.R. 5040 on the tax support base for public education in Montana.

In section 9(a)(i)(B)(5), (A) on page 21, lines 22 through 25 and page 22, lines 1 through 5, the bill states that payments under these provisions are not wages. We believe this statement needs clarification.

Our concern is: Are these reimbursed "employment losses," or wages taxable as income?

If not, the loss of income taxes will adversely affect the school foundation program. Personal and corporate income taxes fund approximately 40 percent of the general fund of the foundation program.

Because of the foundation program's redistribution principles, taxpayers and schools all over the State would be affected. Many more will be affected than just the local school units.

Our second concern is: Are public schools considered "local government units" and therefore eligible for the grants, loans and loan guarantees described in section 19?

Since 60 percent of the fiscal support for Montana schools is derived from property taxes, any loss of taxable valuation increases the tax burden on remaining taxpayers or results in a loss of service. If other social service institutions merit special support in times of economic difficulty, so should schools.

Our third concern is: Increased Federal competition among Federal, State, and local governments for tax dollars.

If Montana loses both income tax support and property tax support for our schools as a result of the provisions in question, it is difficult to conceive how our financial situation will be bettered by our contributing more Federal taxes to administer this program.

In conclusion: My support would be dependent on the extent to which the interests of Montana's public school children are served by this proposed act.

We are grateful to the subcommittee and to you Mr. Chairman for giving us an opportunity to present our views on this bill.

Mr. WILLIAMS. Thank you, Jim. Can you give the committee an idea of the difficulty that the education system in a small, one industry-dependent town has at the closure of that town's one industry; take for example a timber mill closure?

Mr. PALMER. Yes; as the gentleman before me has expressed, when a mill closes, that's going to pass—the closure of a mill or a plant in Montana, due to our school tax base, puts a heavier tax burden on the balance of the people in the area, and in Montana statewide about 30 percent of all school budgets is raised by a local levy voted every

spring. This closure then will raise the mills that need to be raised because of loss of tax dollars, and, at the same time due to unemployment, the voting down of these levies is almost an assured thing, which cuts our school district budget by about a third. We had this happen across the State of Montana this spring as things started to depress. We had a number of school districts that lost levies that had to run them sometimes two or three times to pass the levy.

Mr. WILLIAMS. Jim, do you have with you information as to how many, what percentage of the levies failed this past year?

Mr. PALMER. I don't, but I'm sure I can get it for you, Congressman.

Mr. WILLIAMS. Is it on the upswing, the number of levies that are failing?

Mr. PALMER. Definitely, yes, and especially in areas where there is depressed economy due to plant closure or shutdown of a mill for a period of time.

Mr. WILLIAMS. Are school administrators indicating to you or to your office they are having difficulty even where they are passing levies meeting the educational demands of the community and children?

Mr. PALMER. Yes. The demands are getting greater and at the same time it's getting harder with inflation and stuff to keep within a certain budgetary limit, and, as the economy slows down, then they start losing taxable valuation. Then it makes—it's even a greater burden on them to just continue.

Mr. WILLIAMS. Did you personally, and I understand that it would be difficult for you to answer this representing the superintendent, but would you personally prefer a different method of funding the schools than the one now used in Montana?

Mr. PALMER. We have some good points about our funding system here, the foundation program of equalization, but it is still not finely tuned, and, yes, I think it will always need adjustments from time to time.

We possibly will be facing in Montana now the need for an adjustment because of what has happened the past few years. If you go back and look at statistics, some years ago the local levies, the amount the people had to raise locally, was a much less percentage of the total budget than it is today, and so it's pointing to us that we are going to have to make some adjustments and look at a little change in our funding program.

Mr. WILLIAMS. Does industry have any special obligation to a school system in the city or town in which that industry is located, and, conversely, does the school district have any special obligation to the industry?

Mr. PALMER. I definitely feel that there is obligation both ways. I feel that the school district has an obligation to industry to prepare people to become good employees and good managers and so on. At the same time where industry can help schools in one case is if schools knew ahead of time what industry had planned so they can plan their budgets accordingly, and a lot of these schools get caught. We give contracts to teachers every spring. Well, sometime between—after—first we have to issue that contract and September 1 when school starts should a plant close and we lose enrollment, we're still obligated to pay those contracts, but, if we could plan ahead, then we could probably save the taxpayers some dollars and have a smoother operation.

Mr. WILLIAMS. Counsel?

Mr. FEINSTEIN. You have mentioned the economic impact of plant closings. I was wondering if you had any thoughts on some of the psychological effects of such closings on the school system, on teachers, and on students? Do you have any sense of that?

Mr. PALMER. Yes; it has a definite effect. I mean, when I was in the classroom I always felt you could just about tell how things were going at home by the students, and I think when people are unemployed, of course, they're psychologically down, and I think it has a definite effect on the students, their behavior in school, through their attitudes toward school, their attitude toward the community. Also I think it's a very contagious thing.

Mr. FEINSTEIN. I realize this is a highly speculative question, but what role do you feel that schools should play in dealing with that type of a psychological impact; what can schools do in that situation?

Mr. PALMER. I believe maybe one thing the schools could do, especially in Montana in isolated areas, is to work toward helping students to realize that today it might be down, tomorrow things will happen that will recover and pick up, I think really you could work on it from a psychological point of view on a student; that these are temporary setbacks, and that things will smooth out in the future and try to keep him on an even keel psychologically. Does that answer your question? I'm not sure——

Mr. FEINSTEIN. Yes.

Mr. PALMER [continuing]. Exactly what you meant.

Mr. FEINSTEIN. These, I guess are somewhat philosophical questions on the principles of education, on which I was curious if you had any thoughts. Thank you.

Mr. PALMER. Thank you.

Mr. WILLIAMS. Counsel?

Ms. BAUM. Do you get involved in the retraining of any type of laid-off workers or anything?

Mr. PALMER. No. We are basically—Well, I should say not totally, because we do have management over the vo-tech schools. Tthrough the vo-tech schools, yes, we do get involved in some retraining, but our basic area is K through 12, 12th grade, so we don't get too involved in that.

Ms. BAUM. Would an advance, prenotification of a possible plant closing assist you in any way to maybe work with the local employment people and set up systems of retraining or anything like that?

Mr. PALMER. Through our vo-tech schools, yes. We have five located in the State. If they knew in advance so that when you're preparing the budget sometime between January and April, if you knew that the coming year you were going to have a plant closure, and these people were going to be retrained in certain areas, and you could guess what areas, then you could possibly plan your budget for including that. As it is now, you're going to have another year gap before you're going to be able to make the right adjustments in your school to take care of that situation.

Ms. BAUM. OK, thank you.

Mr. WILLIAMS. Thank you very much, Jim.

Mr. PALMER. Thank you, Congressman.

Mr. WILLIAMS. Our next witness is the vice president for employee relations of the Anaconda Copper Co., Michael Bowlin. Mr. Bowlin, we appreciate seeing you here today.

STATEMENT OF MICHAEL R. BOWLIN, VICE PRESIDENT FOR EMPLOYEE RELATIONS, ANACONDA COPPER CO.

Mr. BOWLIN. Thank you very much for inviting me. Congressman Williams, staff, we were asked by your office, Congressman, to prepare a brief testimony concerning the impact of plant closing and what our particular company has done in the recent past to try to mitigate the impact of those closings on our employees and the community. I'm speaking from some very rough notes. I was out of town and had a short leadtime to prepare this testimony, and do not have copies. I'll be happy at a subsequent time, should you desire, to provide copies of my comments.

Mr. WILLIAMS. We would encourage that and appreciate it if you would submit a copy of your testimony for the record.

Mr. BOWLIN. Fine, thank you. Changing business conditions do require changes in our company's operations as well as others. Sometimes these changes, as you heard here today from Don Peoples, result in layoffs and plant closures. When such action must be taken, we recognize that that inevitably has a negative impact on our company, on our employees, and on the communities in which we're involved and are a part of.

Within the past 7 or 8 months of this year, the Anaconda Copper Co. has had two major changes in operations of that nature. We had a reduction in our work force in Montana statewide of approximately 350 people, and just last month in New Mexico we had the ultimate curtailment or closure of an open pit uranium mining operation outside of Grants, N. Mex. In both of these situations we have provided special benefits to the affected employees with the intent of helping to mitigate the impact of these curtailments both of employees and the communities in which they live.

I'll make an attempt now, and it's a little difficult, and please ask questions, to give you some view of what those benefits were. First, I'll begin by talking about the benefits that we extended to salaried, nonrepresented employees. There was one of two benefits that the employee received. Either a special termination allowance or, for those who were eligible, a special early retirement allowance. The termination allowance was calculated by multiplying the number of years service that the employee had with the company times the factor of 1.25 times weekly earnings. To help you calculate that out, an employee with 10 years of service would get approximately 12½ weeks of severance allowance. To this severance allowance was added an age additive for all employees who are 30 years of age or over. That age additive was an additional 4 percent of the calculated amount for each year of the employee's age 30 or above.

So on the above example if the employee was 40 years of age, he or they would receive an additional 40 percent of all calculated amounts or approximately 5 weeks, so in that case, to put the two components

together, an employee with 10 years' service that's 40 years old would have received approximately 17½ weeks of severance allowance.

For those employees who were employed under our pension plan through a special early retirement allowance, we extended a special plan that had three major components: those components are, first, we would calculate the normal benefits as applied under our pension plan. After this was calculated, we would then calculate a supplemental allowance that we pay for the life of the employee. That would make up the difference that the pension was discounted on account of age. The rationale here was the employee was being forced to retire, so there was no age discount applied against the pension. The third component in the special retirement plan was 12 monthly payments beginning when the employee was let off of our payroll. That special payment was a difference between what the employees' base salary was when fully employed and their pension. In other words, for the first 12 months after leaving our employ the employees' salary was maintained at 100 percent. After that time they went on the special pension allowance.

For represented employees, each of the various collective bargaining agreements that we have, both in Montana and in New Mexico, have some type of arrangement for a special early retirement allowance triggered by plant layoff or shutdown. We have copies of those collective bargaining agreements, and every one is somewhat different, but they do have some special provisions in addition to collective bargaining agreements. In Montana they provide for a supplemental unemployment fund that provides some income to employees paid in a layoff situation. I would hasten to add this is negotiated. The subfund, the subpayments and the fund itself are negotiated with the unions that represent our employees, and in January when we made our layoff that fund was broke. We met with the unions and negotiated a loan to that fund so that employees would receive their normal payments from the time of layoff up until the time of current negotiations, which are in progress.

As these things go, normally in the collective bargaining agreement, we approached the unions at the time of the shutdown, the layoff in January of this year, and entered negotiations with them on an additional allowance for employees who would be affected. Essentially allowance is so accommodated so it recognizes years of service times a factor of 0.7 times their salary, and that is prorated by a certain amount of how long they worked for us in the preceding 24 months. If they worked full time, they got a full allowance. If they worked half time, they received a partial allowance.

Again, we negotiated this additional benefit to help mitigate the impact of this layoff. In addition to these monetary benefits we have extended to all of our employees who were caught in the layoff at our plant a placement counseling. What that consists of is a training program, if you will, to assist the employee in learning how to construct résumés, how to go about job hunting, how to conduct themselves in an interview, counseling on how to conduct their financial affairs in a period of unemployment. Some employees were interested in the program, and it was available to them. Others were not. We also have given employment consideration to affected employees at other company locations where we had employment opportunities.

That's my very brief comment, and I'm open to any questions you might have.

Mr. WILLIAMS. Thank you. Should there be an established base of severance pay, legally established perhaps, at the Federal level under which industry cannot go, or should that be left solely to the bargaining arrangements between industry and organized labor?

Mr. BOWLIN. Congressman, the established severance pay, because that's a practice of my company, would be very easy for me to say that would be on established levels. Others pay the same thing. My own concern in that approach is I would expect the economics of other than our own economics in the future, which are always uncertain—I don't know if I have an opinion. I haven't thought that through, but I question whether it would be viable.

Mr. WILLIAMS. Your point then apparently is to support a severance base under which industry should not go, but you're concerned that that severance pay may have to depend on the industry by industry agreement because of the different economics of different industry?

Mr. BOWLIN. I would think so or company by company agreement, and, in our own case, as I've said, we've had collective bargaining agreements, but that only affects half the employees. Admittedly the other part was voluntary on our part.

Mr. WILLIAMS. Does Anaconda Co. believe that it has an obligation to give a significant advance notice for the closure of a plant or an operation?

Mr. BOWLIN. I think Anaconda recognizes a responsibility to give as much notice and to share our plans as quickly as they're formulated and as they impact our employees and the community in which they live. That's the area that Don Peoples was speaking to.

In the Grants situation, because of the nature of that particular shutdown, it was an ore body that was depleted, the resource was gone, we were able to give significant notice. So as quickly as we ascertained through our drilling and exploration of the ore body itself with calculations against what the market would be, we announced that. I think we have an obligation to share our plans as quickly as we know them and as far in advance as we possibly can.

Mr. WILLIAMS. Again, getting to the point of whether or not there ought to be a legal requirement to give a certain number of days or weeks or months notice, would that be disruptive if it were not done on an industry or company by company basis but rather simply done on a Federal level to cover all industry?

Mr. BOWLIN. If it was legislation and it was to be by industry, basically that could be disruptive. I would add that part of the problem in my view, different shutdowns and layoffs result from different situations. For example, at the current time the primary customer of our product, copper, is the automobile and the housing industry. Those are depressed industries. If the copper industry were going full tilt today and we were not in a nationwide strike, I suspect, I couldn't prove it, that there would be an oversupply of copper and some curtailments of operations around the country. Giving a notice of some period of time, pick your time, 6 months, would tend to lead me to believe you're going to have 6 more months of ore supplies which would depress it further and so lead to a further depressed economy.

Mr. WILLIAMS. What considerations other than economic does Anaconda consider when considering a shutdown?

Mr. BOWLIN. The other things in terms as they affect employees I try to enumerate. Are you asking about the business decisions and what goes into that decision? I can tell you it's weighted very, very heavily. The Grants operation is probably a good example. The economics of that operation, based on our projections, were uneconomic for some period of time in the past, so, being a pure economic plan, we would have shut down in the past. We knew we were operating on a Lagoona Indian Reservation. We were the sole source of employment. We tried to keep our communication with the Lagoona. We kept that operation on, based on pure economics, further than we thought we should or could, on a pure economic basis, to try to give the community time to adjust. So part of it's a business decision. I don't know how else to elaborate on it.

Mr. WILLIAMS. When you make that decision, it seems to me it's relatively easy to make it on an economic basis, because when you have accounting procedures and you can look at the ledgers and see whether or not you're making money. My question then, if you do take into consideration the community and the workers, you consider those results when you close an operation, what system, what formula, what weight are you able to give to human displacement? How does an accountant—what procedure do you have to account for that in your business and management decisions?

Mr. BOWLIN. Congressman, I can't give you a quantitative fact that we put on decisions. I've never seen one. I don't know how to arrive at it or anyone else would to put that on there.

Mr. WILLIAMS. But you do take it into consideration?

Mr. BOWLIN. Yes.

Mr. WILLIAMS. Thank you. Counsel?

Mr. FEINSTEIN. Let me pursue that a little further. Is it ever the case that a decision is made to close what is fairly well established as a profitable operation; in other words, does it ever come to pass that your company would close a profitable operation because perhaps it's more profitable elsewhere or perhaps for some other reason?

Mr. BOWLIN. We in Montana could be forced to close a profitable operation because of environmental regulations. I don't think that's the thrust of your question. That's something that would be profitable. If we don't have it. I'm only going to speak of my own experience. I don't speak for the entire corporation. To my knowledge I don't know of any operation where we closed an operation while we were making a profit, had a reasonable rate of return, that we shut down a plant.

Mr. FEINSTEIN. Let me ask a bit more also on the question of responsibility. You've discussed in some detail steps taken to deal with displaced employees. What about the community? You've mentioned notification, but, beyond that; could you go into a little more detail what you conceive as your company's responsibility toward the broader community.

Mr. BOWLIN. I think the way we tried to approach that, rightly or wrong, is through the employee, feeling that to the degree that we can

sustain that purchasing power of the employees for some temporary period of time, admittedly that was indirectly substantially supporting the community.

The only other specific is in the area of trying to share our plans as far in advance with the community as possible so they can begin their planning.

Mr. FEINSTEIN. What steps or measures do you feel could be instituted by employees, by communities, or by government, to assist in making what might otherwise be a plant that would have to close remain viable and continue in operation?

Mr. BOWLIN. Of course, it would depend on why the plant was where the things were in the plant. I think maybe the gross generalization is that industry should share with affected parties, unions, employees, and communities, what their plans are in an honest, straightforward manner. If they're not making money, if they don't anticipate—if it's a commodity like copper—what our projections are, then to the degree any of those parties also have a depressed industry, I can't predict all the ways or facilities or work to overcome these problems they should have. Again, this is a very gross generalization. I don't know if we should begin sharing the plant problems with one another.

Mr. FEINSTEIN. Thank you.

Ms. BAUM. I was wondering if you said that your different sub-funds under different contracts vary somewhat—I was wondering if you could give us the basis of at least——

Mr. BOWLIN. I could, but I've got also people that are much more knowledgeable.

Ron, could you help me with the Montana subfund, for example?

Mr. FEINSTEIN. Why don't you identify yourself for the reporter.

Mr. RON GROOVES. My name is Ron Grooves, manager of labor relations for Anaconda Copper. Basically, the subfund is triggered when an employee is laid off and paid $42.50 a week for the first 26 weeks and $75 a week for the second 26 weeks. The fund itself is funded at the rate of 3½ cents per hour worked, while the employees are covered by the plan.

Ms. BAUM. How does this subfund relate to the unemployment insurance program—is it offset?

Mr. BOWLIN. No. It would be paid in addition to whatever unemployment. In our layoff in Montana, employees had, I guess, really four sources of income: State unemployment, TRA, which was granted in that case, the subfunding, as well as this supplemental allowance that I indicated we negotiated.

Ms. BAUM. The TRA or anything—none of them are offset at the time?

Mr. BOWLIN. No.

Ms. BAUM. Thank you.

Mr. WILLIAMS. There's a great deal of concern, as you know, in Montana, particularly in Great Falls and Butte, with regard to the new ownership of Anaconda Copper. I think Montanans felt more secure when they knew that Anaconda was owned by Anaconda. Now that Anaconda is owned by an oil company, they have, I think, some justification for thoughts, that decisions to stay in Montana may be made on a significantly different basis than they were in the past, in

the long past when the company was not only owned by Anaconda, but the Anaconda headquarters were in Butte, and in the more recent past when, at least, the company was fully owned by itself. Can you speak to where my question goes?

Mr. BOWLIN. I'll try to. Since the acquisition of Anaconda by Atlantic Richfield, I think there's been substantial evidence that Atlantic Richfield, in terms of capital—I'm sorry I don't have the exact numbers, but I can say that company has poured capital into Butte in an effort to determine, in an effort to try to extend the lack of that mine. We have started a deep-hole drilling project that many of the people in and around Butte are aware of, to further explore the deep realization in Butte and so we can know what our plans are for a 15- to 25-year period of time.

We have started an underground test mining project to do block caving, and I've told you more than I know when I say "block caving," but that essentially is a project designed to explore the resumption of underground mining in Butte.

I don't know what the economics are, so I would say I allay those fears, but I think there are indications this is a financially stronger company. The Atlantic Richfield Co. has done active things relative to an attempt to stay in Montana.

Mr. WILLIAMS. Thank you very much.

Mr. BOWLIN. Thank you.

Mr. WILLIAMS. The next witness is the executive secretary of the Montana State AFL-CIO, Jim Murry. When Jim has concluded and questions are finished, the committee plans to break for lunch to give those of you who are going to lunch and plan to return an opportunity to eat before the rush hour starts, so we'll break immediately after this, and then we will return from the brief recess at 12:30, at which time I'm hopeful that the committee chairman, Congressman Clay, will be here.

All right, Jim, we're ready for your testimony.

STATEMENT OF JAMES W. MURRY, EXECUTIVE SECRETARY, MONTANA STATE AFL-CIO

Mr. MURRY. Congressman Williams, for the record, my name is Jim Murry—M-u-r-r-y. I'm the executive secretary of the Montana State AFL-CIO. Our offices are in Helena, Mont., and our address is Post Office Box 1176.

At the outset, I want to say that we appreciate very much the subcommittee coming all the way to Montana to hear our views. We anticipate that you are going to hear stories of hardships caused by plant closings and layoffs, stories that are probably depressingly similar to ones you are hearing all across this country.

Montana workers are suffering from decisions being made in corporate boardrooms in New York and Denver and Chicago. Workers feel, when the Evans Co. closes down or ARCO lays off 360 workers, the lives of workers and their families are not a consideration.

According to the multiplier effect theory, from 1.5 to 2 additional persons are laid off for each person who is fired from a primary job. Most of these secondary losses are from small Main Street businesses,

which depend on sales of goods and services to people with a paycheck in their pockets. Cities and counties lose tax revenue at a time when the demand on government services skyrockets. Taxpayers have to pick up the slack. But of course the laid-off worker and his or her family are the biggest losers. I'm sure other witnesses will give you some details of what has been happening in Montana.

Obviously a plant closing law would help equalize some of the suffering. This is especially important since a majority of the companies which are closing are profitmaking concerns, according to a recent study by the Progressive Alliance.

The Montana State AFL–CIO was not successful in getting a plant closing initiative on the ballot this year. Missoula wood products unions suggested the idea. By the time the idea had been drafted, approved, redrafted, and published, we only had 6 weeks to gather almost 16,000 signatures.

We didn't get the job done, and Montana was the loser. We lost the chance to take a little bit of our own destiny in our hands. We hope the United States will not lose the same chance because of inaction by the U.S. Congress.

When we were all in grade school, we learned about the virtues of free enterprise, of a free economy operating on the laws of supply and demand. In grade school they never taught us about multinational corporations.

In 1955, there were only 65 industrial corporations with assets of more than $1 billion. In 1977 there were 193 corporations with assets of over $1 billion. The National AFL–CIO Department of Research factored out inflation when it prepared those figures. We are witnessing a phenomenon unlike any in past economic history—a worldwide merging of giant firms into even more giant firms with oligopolistic power over the whole world.

The biggest bank, BankAmerica, has an interlocking membership on boards of directors with the next biggest banks, Citibank, Chase Manhattan, and J. P. Morgan. BankAmerica interlocks with the two biggest insurance companies, Prudential and Metropolitan Life. The bank also interlocks with 75 of the Nation's biggest corporations. That doesn't bear any resemblance to the competition of free enterprise that we learned about in grade school.

The Federal Trade Commission has estimated that U.S. consumers pay as much as $100 billion extra per year because of economic concentration, monopoly power and anticompetitive price raising by big business. So much for the law of supply and demand. So much for free enterprise.

The National AFL–CIO is calling for more discussion on the effects of giant conglomerates. A strong plant closing law would focus attention on the ability of conglomerates to shift capital anywhere in the world just to maximize profit. Such shifting of capital might look good in a ledger in New York City, but in the real world, outside those corporate board rooms—in our world—it means jobs lost, workers' lives ruined, small businesses bankrupted, taxpayers squeezed, and communities decimated.

The AFL–CIO favors free enterprise. It also favors plant closing legislation because we recognize that free enterprise is virtually dead in a multinational business climate.

We urge you to pass a plant-closing law, both to protect workers and their communities and to focus attention on the effects of multinational control of businesses throughout the world. Thank you very much.

Mr. WILLIAMS. Thank you, Jim. Are you concerned that this bill, the National Employment Priorities Act, would possibly represent an inappropriate intervention into the collective bargaining system that's now established in this country and organized labor has worked so hard to protect?

Mr. MURRY. No. The national AFL-CIO, as you know, has a strong position supporting plant closing, and I didn't know what's happened to these bills. There's a couple over on the Senate side too, but, as we view this, these would be minimums. If unions wanted to bargain beyond that with the companies, they would certainly have a right to do that, but there are many unions that—and I think you'll hear testimony here today from one of the unions that was victimized by a closure right here in Missoula that didn't have provisions for plant closing, and the workers of this country need that protection. That is not an interference.

Mr. WILLIAMS. What responsibilities and obligations do the workers have to industry?

Mr. MURRY. The workers have a tremendous responsibility and obligation to industry. We owe the companies that we work for a good day's work for a good day's pay, and let me say here in Montana our workers, our members have an outstanding record. We are some of the most productive of the whole country. The work ethic is deeply engrained. Workers here are a good deal. They're a good buy for employers, and they meet those responsibilities very well.

Mr. WILLIAMS. I understand that and know that the AFL-CIO nationally as well as here in Montana and you personally as evidenced by your testimony this morning join in concern about conglomerate ownership. What does conglomerate ownership have to do with closing a small timber mill in Montana?

Mr. MURRY. Well, as we view it, we've seen some examples of this, that conglomerate corporations have very diversified financial interests. They have the ability to—they set a profit goal for themselves, and it's a good profit. If they don't meet that goal, they have the ability to simply shift their capital someplace else in the country, someplace else in the world, and with that the whole community suffers.

That's the thing that we feel should be addressed by the Congress and should be debated, that type of ownership. The advantages and disadvantages should be looked at, because the responsibilities that companies feel toward those communities are not as great as they were 15 or 20 years ago.

Mr. WILLIAMS. Could it be said that the workers should be pleased with the fact that ARCO bought and perhaps saved Anaconda Co.; that it was on the verge of bankruptcy?

Mr. MURRY. I'm sure there were many workers that were pleased with that, because of the economy being what it is, they're very, very worried about their jobs, but it was said earlier, I think, the feeling—and this is just speculation on my part, but the feeling is that there's not the attitude toward the community that was there when the old Anaconda Co. ran that company. There was not the closeness. Again, the decisions are being made in some far off place that's affecting the

lives, impacting the lives of workers and their families, impacting their futures, their children, and we all feel that. We feel like we're so far removed from the decisions that are going on and there's really no input into that.

Mr. WILLIAMS. How are workers better able to protect themselves in the event of plant closures if they are organized into a union?

Mr. MURRY. Well, many unions have provisions in their contracts for such an event. Some unions don't. That's up to the collective bargaining process when the employer and the union sits down to negotiate. That certainly gives the workers a great advantage.

There's also other advantages. We have one union that will be testifying here today, again, about a situation right here in Missoula. The union represented those workers in negotiations. To my knowledge there was going to be no severance pay for those workers, for about 400 workers here in Missoula. They got some severance pay because of the negotiations between the union and the employer. That wouldn't have been there without it. That severance pay wouldn't have been there without that union representation, without that strength, without that worker strength.

The unions also are representing the workers in attempting to get TRA benefits. They're helping with unemployment comp benefits, all these things. So there's a distinct advantage to workers belonging to unions under these circumstances, but you've got to realize there's places all over the country where workers don't have that protection, and they should have it by law, even if they don't have a union agreement.

Mr. WILLIAMS. Jim, how does organized labor deal with the fact that one of the economic advantages that industry finds in closing a plant is in moving that plant to a nonunion area or a right-to-work State?

Mr. MURRY. Could you rephrase that please.

Mr. WILLIAMS. How does organized labor deal with the fact that the opportunity that industry has to move from a place like Montana, which is heavily organized by labor, to some State in the South which is unorganized?

Mr. MURRY. We don't deal with it very well, as a matter of fact. Under some of the union contracts there are transfer rights under the contract that gives the worker a job someplace else, someplace else with the company, but the fact of the matter is that in many instances companies move to better economic climate where they can maximize their profit because the competition between Montana to someplace else is unfair. They have to treat their workers better here, and so they move someplace else to maximize their profit and maybe not just because of a right-to-work law. There are other things that are thrown into that. The climate, particular conditions, taxes, all kinds of things go into play, but sometimes we have a hard time competing, because workers have to be treated well in a union State, and, as a result of that, we don't handle those transfers when a company moves, and it's not just the company moving, say, to the southern part of the United States that is predominantly right-to-work, but we are talking about huge companies that are moving to Taiwan, have moved to Korea and places like that as well to take economic advantage.

Mr. WILLIAMS. Counsel?

Mr. FEINSTEIN. Thank you. One of the provisions of H.R. 5040 raises a question that I think is getting increasing attention in the discussion about this issue. It relates to providing for either employee or community buyouts of companies that are slated to close. I was wondering if you could comment on that aspect of the proposed solutions to the problem. Do you think it's a viable approach? Do you think it's one that could work, and what is your response to the prospect of this approach succeeding?

Mr. MURRY. My understanding is that the national AFL-CIO is supporting that provision, because it's a viable alternative in some instances. We would certainly be supportive of that. That's not too much unlike, I guess, maybe a cooperative type ownership, and that has been supported by the trade union movement for many, many years, but any kind of an alternative that will allow a business to continue people to have jobs, main street merchants to continue their businesses, the schools to be able to function so as was testified to earlier, is all good. It's pretty hard to be critical of that, I would think.

Mr. FEINSTEIN. What do you feel then are some of the things that the labor movement could be doing along those lines to explore and investigate the possibilities and to facilitate that as an alternative to plant closing?

Mr. MURRY. Well, there are some things that are being done. I think some of those groups, like Progressive Alliance, have talked about some of these things. Our organization, our State federation, is not directly involved in anything like that. We just don't have the staff, and we don't have the time to do that.

In some parts of the country—well, here in Montana, with the closure of the Milwaukee, one of the proposals was allowing workers to buy into the company with what they had coming in from severance and so forth, and try to make the company go, and that's been supported by the unions. Any of the alternatives have been supported by the unions. I think that's very healthy and very good.

By the way, that's certainly appropriate to the type of ownership we're talking about, huge corporate conglomerates, who are many times unfeeling about the moves they make across the country and across the world.

Mr. FEINSTEIN. Could you talk a little more specifically about how prenotification, or advance warning enables the union to more effectively deal with the problems posed by a shutdown? Perhaps you can mention some that you've experienced. What does knowing, a year or 2 years before a plant closure is scheduled enable you to do in concrete terms?

Mr. MURRY. Well, we had a situation, again, right here in Missoula where people were given about 2 months. People with, say, you take someone with 20 to 25 years with a company, all of a sudden in a matter of 2 months or 3 months they're without a job. That family has a very difficult time planning for that. They can't plan on making any moves. If they're given a year or 2 years' they have an opportunity to look around. They have avenues through their union to look around for other jobs and seek other alternatives. They have an opportunity through the job service in the States across the country. It just gives a worker an opportunity to prepare himself for that situation.

Can you imagine what it would be like to work for a company and be 50 or, say, 55 years of age; you've been working for that company all of these years, and all of a sudden in 2 months you're laid off. You don't have a job, and no one wants to hire you, and, not only that, when the economy is like it is today the frustration is even deeper, because there's that realization that you may never go back to work again. You may be destined to be on welfare for the rest of your life. You've never drawn welfare. You've never drawn unemployment compensation benefits. You've never had to take advantage of any of these things. You've just been a good person. You've contributed to the community where you raised your family, went to church, paid your taxes. You've voted, did all of these things, did everything you're supposed to do, and in 2 months—in 2 months you're out of a job, and there's no place to go.

You know what the results of that are. The suicides skyrocket. The divorces go up. Kids have problems in school. These workers need as much advance notice as they can possibly get to cope with that situation. It's only fair that they get it.

Mr. FEINSTEIN. Thank you.

Mr. WILLIAMS. Counsel?

Ms. BAUM. Thank you. As far as the National Labor Relations Board is concerned it's always been the Board's policy that it would direct the employer to bargain with the union over the effects of plant closing or shutdown or layoff, isn't that true, whether it was negotiated in the contract or not?

Mr. MURRY. I'm not in a position to respond to that. I think that some of the people following me can enlighten you more on that than I could, because I haven't had any direct experience with that.

Ms. BAUM. OK—say that is the case. I think recently the National Labor Relations Board came out with a decision where it would require the employer and the union to bargain over the decision to close the plant, and I was wondering if the union or the unions would be rather concerned about the aspects of getting into the corporate decisionmaking process through the policy of the National Labor Relations Board.

Mr. MURRY. I don't think that bothers unions at all. At least that hasn't been the attitude conveyed by AFL-CIO or the national AFL-CIO.

I might just respond to that regarding the NLRB. There might be a directive to negotiate, but that doesn't always mean that the results of those negotiations are satisfactory.

Ms. BAUM. Well, that's very true.

Mr. MURRY. You probably are aware of the fact we've had some problems with the J. P. Stevens Co. over the last few years. An awful lot of directives that have come out that have been either ignored by that company——

Ms. BAUM. OK, thank you.

Mr. MURRY. Thank you.

Mr. WILLIAMS. Thank you very much, Jim.

Committee will now recess for lunch for 1 hour.

[Whereupon, at 11:20 a.m., the committee recessed and reconvened at 12:35 p.m.]

Mr. WILLIAMS. I call this hearing back to order, and I would like to introduce the acting chairman of the House Labor-Management Subcommittee, Congressman Bill Clay of Missouri. Bill is in his sixth term in the Congress, and we very much appreciate you bringing this committee out here to hear this most important matter to my constituents and folks in Montana and throughout the West.

Mr. CLAY. Thank you, Pat, and I'm certainly happy to be able to join you this afternoon and am appreciative of your chairing the hearing this morning while I was temporarily delayed in Great Falls.

Without objection, I'd like to have my opening statement included in the record immediately following your opening statement this morning.

The first witnesses this afternoon will be a panel consisting of representatives of the United Paperworkers International, Mr. Lamb, Mr. Shatto, and Mr. Pemberton.

Without objection, any prepared remarks that you have will be inserted in the record, and you may proceed as you desire.

STATEMENT OF MILLARD LAMB, INTERNATIONAL REPRESENTATIVE, UNITED PAPERWORKERS INTERNATIONAL

Mr. LAMB. Thank you, Mr. Chairman. Committee members, my name is Millard J. Lamb, international representative of the United Paperworkers International Union.

Our union is very pleased the committee has come to Missoula so that we have an opportunity to give you information and our viewpoints, in the hope that it may help you enable action that will ease the burdens that are imposed upon working men and women.

As you are aware, Evans Products Co., headquartered in Portland, Oreg., announced on October 15, 1979, that it was discontinuing its logging, plywood, and lumber operations here in Missoula, Mont. Although the company originally announced a hope to continue operations of its sawmill, that, too, is in its final phase of shutdown and all of our members will be terminated before the end of this month. The company's announcement to its employees is attached to this statement.

Also attached is a photocopy of a newspaper clipping from the Portland Oregonian under date of October 16, 1979, where it was reported "* * * Evans Products Co. listing record revenues and earnings * * *." This glowing report also contained news of a pretax charge of $3.5 million related to the shutdown of operations at Missoula. The newspaper article causes one to wonder—is the company going to make $3.5 million profit because almost 450 employees will be out of work?

Both the newspaper clipping and the company's formal announcement state the reason for closure was because of losses during the last year. These losses were attributed to the operation being dependent on Federal timber and the cost of logs had been rising more rapidly than plywood and lumber.

It should be noted, Evans has operated the Missoula plant for 21 years on land leased from property that was owned by Northern Pacific Railway Co. We feel it ought to be explored when a company

woos a generation of loyal employees, their families, and the community into assurances of economic security, and then cuts and runs following alleged losses for only a year. And this, while the parent corporation announces record profits for the same year. People—employees—perform work and services for their employer and so does machinery and equipment. But we think employers owe more to their employees and society than it owes to a piece of machinery.

We have also perused Evans Products' 1980 Annual Meeting Report and find on page 3 the company has substantial operations in Canada with virtually inexhaustible supply of timber in the form of timber rights but the bulk of their lumber sales moves into the United States. This report is also attached to my statement. I am sorry I could provide only one copy, but they are available from Evans Products, and we have photocopied the pertinent remarks from that report.

The union wonders why—in the name of fairness to our own citizens—the U.S. Department of Labor has twice now denied some additional unemployment insurance benefits and possible retraining for additional skills under the trade adjustment assistance provisions of the Trade Act of 1974. Is it because the general economic conditions of our country have gotten so bad that eligibility requirements have become so great these benefits are now unattainable? Our local No 1145 has been frustrated at every turn in its attempt to obtain legitimate public assistance for its members. However, this is a matter that I defer to others who testify at this hearing and who are more qualified and knowledgeable.

If it appears the union is severely critical of Evans Products for shutting down its operations—we are. Although our relationships have steadily improved since we organized the employees against company wishes, I guess we could write a book about our complaints. But the company should not be blamed entirely. We believe Government has contributed considerably to the present sorry situation. This is because Government has, one, made it increasingly difficult for producers to purchase timber and, two, permitted the export of round logs and wood chips to foreign competitors.

I refer you to the attached newspaper article that appeared in the Missoulian under the date of January 28, 1980. Although I have never met the writer of the article, Mr. Pennypacker, I know he speaks from great experience and knowledge of the woods products industry having attained high executive position with lumbering operations in western Montana. His article gives a good thumbnail sketch of the history of Evans Products and gives a good analysis why a company may not survive even though there is standing timber available. Evans Products officials tells us it is the high cost of stumpage that is the cause of their plant closure in Missoula.

The union cannot understand why Government permits the exporting of round log and wood chips to foreign competitors. This is simply exporting our jobs. The raw material comes from this country and our citizens deserve to benefit from this natural resource. We are also aware that some large corporations have large standings of timber on their private lands. They ship unprocessed logs and wood chips out of the country, making enormous profits, and then use those profits to make

exorbinantly high bids on Federal timber sales. This unfair competition deprives timberless companies of making successful bids for the Federal timber they counted on to remain in business.

Canada requires the processing of the raw material before the finished product is shipped to foreign consumers. We should do the same. If a foreign investor wants to exploit our raw products let them do it like the Japanese are doing in Sitka and Wrangell, Alaska. There the Japanese owners of Alaska Lumber & Pulp Co., Inc., conduct logging operations in southeast Alaska, manufacture lumber products in a sawmill at Wrangell and supply wood chips to their Sitka operations where wood pulp products are manufactured. The processed products are then shipped to Japan and our members, citizens of this country, are enjoying steady employment. The Federal Government was, and remains, heavily involved with these operations in Alaska to provide jobs. We believe Government can help here, too.

Thank you for allowing us time to express our viewpoints.

Mr. CLAY. Thank you. Would you identify the two people accompanying you for the record.

Mr. LAMB. Yes; I can do that in my testimony or——

Mr. CLAY. You're going—I'm sorry. Then go ahead with your testimony.

[Material submitted by Millard Lamb follows:]

EVANS PRODUCTS CO.,
Missoula, Mont., October 15, 1979.

To: All Evans employees.
From: W. R. Bickerton, General Manager.
Subject: Missouri operations announcement.

In its third quarter earnings release today, Evans Products Company announced a pre-tax charge against earnings related to the Company's decision to discontinue operations at a lumber and plywood facility. The decision mentioned in the release refers to Evans' Missoula Operations.

The basic reason for the decision is that the cost of logs has increased dramatically while the price for our finished plywood products has not. These two factors have caused substantial operating losses during the last 12 months and the situation is expected to worsen. Operations will be curtailed as follows:

(1) Timber and logging operations will be phased out during the 4th quarter of this year.

(2) We plan to phase our plywood operations during the 2nd quarter of 1980 or sooner.

(3) We will continue to process the small logs through the sawmill. It is our hope that the sawmill operation can be profitable and continue on a long term basis.

As in any trying situation, there are unknowns and conditions which could change, and, at this point, we ask for your continued cooperation. We will try to keep you posted on developments.

W. R. BICKERTON,
General Manager.

MISSOULA, MONT., *April 24, 1980.*

To: All Evans' employees.
From: W. R. Bickerton.
Subject: Missoula lumber and plywood mills.

It is my sad duty to announce that in view of the declining lumber market, there is definitely no chance that the lumber department can continue to operate beyond processing the present inventories. We hope to be able to chip the logs remaining in our inventory. The entire mill will be closed within the next few months.

Respectfully,

W. R. BICKERTON,
General Manager.

[From the Portland Oregonian, Oct. 16, 1979]

EVANS, BOISE CASCADE, RECORD PROFITS LISTED

Two major Pacific Northwest companies reported strong third-quarter performances Monday, with Evans Products Co. listing record revenues and earnings and Boise Cascade Corp. noting its best-ever third quarter.

Evans said revenues rose to $446 million from $331 million a year earlier. Profits for the quarter were $21.7 million or $1.66 per share, against $17.8 million and $1.29 per share in 1978.

Results for the quarter included a pretax charge of $3.5 million in connection with the planned phase-out of sawmill and plywood operations in Missoula, Mont.

Spokesman Gary Christopherson said Evans decided recently to begin the closure because of losses at the complex during the last year. The mills are dependent on federal timber, and costs of logs and other items have been rising more rapidly than prices of lumber and plywood, the spokesman added.

The logging operation will begin shutting down in the current quarter, to be followed by closure of the plywood mill in the second quarter of 1980. The sawmill will be kept in operation as long as possible, the company said. About 400 jobs are involved. Evans has operated the complex since 1959.

Major contributors to the record sales and profits for the quarter and nine-month periods were sales to the do-it-yourself market, greater housing sales and higher sales of railcars and trucks. Fourth-quarter sales also are expected to exceed 1978 levels.

EVANS PRODUCTS CO.

	1979	1978
Quarter, Sept. 30:		
Revenues	$485,309,000	$330,914,000
Net income	21,725,000	17,750,000
Per share	1.66	1.29
9 mo., Sept. 30:		
Revenues	1,122,584,000	875,717,000
Net income	46,109,000	39,809,000
Per share	3.43	2.82

EVANS PRODUCTS CO., 1980 ANNUAL MEETING REPORT

A motion was made and seconded to approve an amendment to the Certificate of Incorporation to increase the preferred stock authorized to be issued from 4,863,000 to 10 million shares. At this time, no particular plan has been formulated for issuing any of the additional shares authorized.

With the holders of about 76 percent of the Company's outstanding common and preferred shares voting, 82 percent of the votes were cast in favor of the amendment to Article Fourth of the Certificate of Incorporation. The Company's shareholders voted by separate classes. Each of these three classes approved the amendment by a majority vote of the stock outstanding in their respective classes.

After the opening formalities of the meeting were completed, Mr. Orloff addressed the meeting as follows:

I would like to make a few remarks concerning the great year we had in 1979 and the outlook for 1980 and thereafter. 1979 was the finest year our Company has ever experienced, both from the standpoint of total revenues and net earnings. The reasons we did so well in 1979 stem from the moves that actually commenced about 5 years ago. Prior to that time, Evans was considered a forest products company. In 1980, less than 5 percent of our revenues and substantially less of net earnings will be generated from forest products activities. Today our two primary businesses are building materials retailing and transportation/industrial products. In 1980, these two business areas will represent approximately 80 percent of total revenues and earnings.

REVIEW OF OPERATING GROUPS

Through our *Retail Group* we hope to blanket the United States in almost every area within the next five years. We are now on the East Coast from Florida to Maine, in the Midwest, in the states of Texas and California, and are

moving up toward Oregon and Washington. We are by far the largest retailer of building materials to the "Do-It-Yourselfer." Many years ago, under the wise counsel of Mike Grossman, currently president of our Retail Group, and his people, and before we were so fortunate to acquire the Grossman's chain, the decision had been made to emphasize the Do-It-Yourself market. Today more than 80 percent of our sales are to this market.

Our *Transportation Systems and Industrial Group*, run by Jack Felten, has met with great success in leasing and manufacturing railcars and truck trailers. This group also manufactures certain incidental but highly profitable products, the most significant being foundry products.

Touching on our other operations, our *Homes Group* is run by Ed Kahn. Our custom-built homes program supplies relatively low-cost homes to people who purchase their own lots. We custom build quality homes designed according to the plans of the purchaser. Customers participate in the building process by either direct input of their own labor or by acting as their own contractor. It has been a fine business, and we anticipate it will continue to be.

This business requires millions of dollars for short-term financing primarily to support construction loans to customers. We are in the stages of restructuring the financial side of this business so we can ride the interest rates—whether they go up or down—without drastically impacting profitability.

Bill Finkenstaedt heads up our *Shelter Products Group*. This group supplies goods that key into the building products business—kitchen cabinets, paint and aluminum doors and windows—as well as some ordinarily profitable products that are used by the automotive industry. I must say they are not so profitable today. But the auto business will recover. I'm sure in the next several years you will see firms in this industry, such as General Motors, return to the level of profitability they ordinarily enjoy. We will, of course, participate in that to a degree.

Our *Forest-Fiber Products Group*, headed by Peter Koehler, has substantial operations in Canada, but the bulk of our lumber sales move into the United State and, of course, are affected by the cyclical U.S. housing market. We are ideally located in Canada with modern facilities and a virtually inexhaustible supply of timber in the form of cutting rights. But when finished product prices are extremely depressed, as they are now, it is very difficult to earn a profit. Unfortunately, I must tell you that we do not visualize our forest products activities generating any profits in 1980. However, it is a cyclical business, and when the cycle turns we shall participate in that increased profitability. Our fiber products operation, normally a highly profitable area, is being adversely affected by reduced demand for battery separators. We view this as a temporary situation.

Evans Mill Closure a Saga of Hard Breaks

(By Henry S. Pennypacker)

Now that it appears certain that Evans Products Missoula plywood mill will close its doors for good next May, I am reminded that when the mill opened in 1960 there were those in the local forest products business who said it couldn't last.

These old-timers turned out to be wrong—at least for the next 19 years—but they had their reasons for what they said.

Back in the late 1950s two West Coast companies, Vancouver Plywood and Evans Products, formed a joint venture called the Van Evans Co. to build a plywood mill in Missoula. Timber for the mill was to come from Northern Pacific Railway lands in western Montana, since the new company and the NP Land Department were, so to speak, on a friendly, first-name basis, and the railway owned lots of timber.

In those days, domestic plywood was principally produced on the West Coast out of large, old-growth Douglas fir logs. But the Van Evans entrepreneurs knew that western Montana larch trees, at least in some areas, grew big enough to yield peeler size logs, and that a small poison mill had already demonstrated that the wood was suitable for plywood.

So the new venture proposed to make high-grade larch paneling, which would compete with the best the coast had to offer and would cost less to ship to midwestern and eastern markets.

To a degree, the idea was sound, but the old-timers in the Missoula area knew that the percentage of clear wood needed for high-grade paneling was not as great in Montana larch as the Van Evans people apparently supposed. Some also knew that these same NP timber stands had been examined by one of the nation's largest plywood companies and had been found wanting as an inducement to build a plywood mill in Montana.

So when the plant started up in 1960, the veterans said it couldn't last, and at first things seemed to be working out to prove them right.

For example, the shortage of clear timber for high-grade interior plywood was not long in showing up, and the company found itself having to bring in clear veneer from the coast to sandwich with its lower grade larch in order to maintain a sufficient percentage of finish paneling in its product line. This, of course, increased costs.

Later on, the Northern Pacific acquired its own lumber company, with mills in Columbia Falls and Pablo. It now had its own "home" for the produce of its timberlands, and the "most-favored nation" status with respect to railway timber which Van Evans had formerly enjoyed just naturally vanished. The halcyon days of a virtually guaranteed timber supply were gone, and Van Evans had to scramble for available federal, state and private timber in competition with all the other timberless wood processors of the area.

But the company survived. Early on it had built a small-log sawmill next to its plywood plant to make two-by-fours out of the fence post-size "cores" which were the residuals of the plyweed log-peeling process. This now came in handy to process the small logs the company was forced to accept when it competed for public timber.

Then technological improvements in the industry came along which allowed smaller logs to be peeled for veneer that had originally been the case. This was of benefit to Van Evans, but unfortunately, it was of even greater benefit to the southern pine industry.

When Van Evans started up there were few, if any, plywood mills in the Deep South, a country of small trees and small saw-logs. But as soon as it became possible to peel small logs, the South jumped into the plywood business.

There are now something like 160 plywood mills in Dixie, with others on the drawing boards. All these mills make construction or sheathing grade plywood out of southern pine and they are closer to the big midwestern and eastern markets than Missoula is. Tough competition for Montana sheathing grade larch.

If all the above wasn't enough to add up to a very gloomy business picture for Van Evans, now in Evans Products Co., consider these additional discouraging factors: There is competition from plywood mills in Canada, for whom timber is often cheaper and always easier to get than here. And there is the fact that California, one of America's greatest building materials markets, gets its plywood from West Coast mills and is virtually off limits for inland producers.

Considering all the above—which is by no means an insider's complete catalogue of all the vicissitudes suffered by our local plywood mill over 19 years, but only an outsider's perception of some of the more obvious problems—one might wonder how the operation lasted as long as it did.

The answer probably lies in the never-say-die attitude of general manager Bill Bickerton and his hard-working staff. These devoted people wrestled with every new problem as it appeared, and if they didn't win all the battles, they won at least enough of them to keep the doors open and the wheels turning.

But in recent times appeared an adversary who seems to have been able to pin the mill's shoulder to the mat and keep them there. This awesome opponent is known as "Runaway Timber Prices" and his presence in the area is variously supposed by lumbermen to be due to (a) the government's inability to maintain its own announced allowable annual timber cuts, (b) additional federal lock-up of timber land as untouched "wilderness," (c) withdrawal from production of still other timberlands for federal "study," seemingly in perpetuum, or (d) all three.

Whatever the reasons for his presence, the invincible adversary is here. Timber prices have been forced so high that the local plywood mill, with no timber of its own to fall back on, just can't afford to buy logs. Closure is inevitable.

So now, at long last, the old-timers are entitled, if they wish, to say, "I told you so." But they should recognize, as I am sure they do, that it was not the shortage of clear timber in the NP larch which killed off the mill. Nor even the fact that a pretty good economic case can be made that western Montana is not necessarily the location of choice for a plywood plant that which owns no timber.

67-746 O - 81 - 8

The plain and simple fact is that no lumber or plywood mill anywhere can operate if it cannot get timber, and the Evans Products plant is not the first in the area in recent years to go under for that reason.

Nor likely will it be the last. Public forest policies which favor playgrounds over timber production will see to that.

STATEMENT OF WAYNE SHATTO, PRESIDENT, UNITED PAPERWORKERS INTERNATIONAL, LOCAL NO. 1145

Mr. SHATTO. Congressman Williams, Congressman Clay, and panel and honored guests, if I should sound bitter in testimony it is probably because I am.

My name is Wayne W. Shatto, president of United Paperworkers International, Union Local No. 1145. I am representative for the hourly employees of Evans Products Co., plywood, lumber and logging at their Missoula operations. Along with my family, I have resided in the city of Missoula for 15 years, having been an employee of Evans Products over the entire period.

I would like to welcome and thank everyone in attendance, and those who could not attend, for their diligent work in making this hearing possible here in the Missoula area this morning.

Plant closures should be a concern for everyone because it creates an issue that I strongly feel is becoming a national crisis in the United States today with hundreds of thousands of unemployed people. Who is to blame?

Corporations, oil companies, labor, imports of foreign products, politicans, Federal and State Government tax systems, and the list goes on and on.

I think we have now reached a point where we must demand the U.S. Federal Government take a firm stand to research and if necessary pass legislation and take action controlling plant closures and multinationals establishing their plants in foreign countries abroad before this Nation finds itself in an irreversable economic situation.

The American consumer still provides a huge demand in the marketplace for many of the products produced whether it be here or abroad.

To protect our free enterprise we must not destroy our American labor force middle-class, blue-collar workers because there is absolutely not enough Government and technical jobs for those people even if they were provided the proper training and education required.

After Evans Products Co., announced curtailment and pending closure of their Missoula operations, the local union filed for trade readjustment assistance with the U.S. Department of Labor to provide the employees with extra training, relocation expenses and possible extended unemployment benefits.

Evans Products Co., also has four operating mills in British Columbia, producing plywood and lumber. We suspected the accounts filled by the Missoula operations would then be transferred and filled from their Canadian operations because of the complete renovations and updating to the latest modern equipment available in the Evans Mills in British Columbia.

John Pemberton, Casper Schmidt, and myself recently toured all of Evans Products Co., plywood and lumber operations in British Columbia and can speak from firsthand knowledge.

Did imports of plywood and lumber from Evans British Columbia operations cost Evans' workers at the Missoula site their jobs? According to investigation by the U.S. Department of Labor on our initial petition filed for trade readjustment assistance, they could not confirm any findings of Missoula accounts being transferred to Canadian operations. So the petition for benefits was denied.

This decision was once again appealed in behalf of the local union members and once again was recently denied. However, Evans is still supplying their Missoula lumber accounts from the Missoula site with lumber that was stockpiled.

Evans corporate officials in British Columbia admittedly said approximately 70 percent of the lumber produced there is marketed in the United States.

Working in close association with almost all employees at Evans during my 15 years employment, I can honestly say they are honest, hard-working people, who would rather have decent jobs with a steady income to fulfill their own needs so they can take their rightful place in this community proudly.

These people accept unemployment, welfare, food stamps, and Government assistance only as a second choice through no fault of their own because no jobs are available.

America, in the last decade, has accepted thousands of refugees from various other countries throughout the world, yet cannot provide jobs enough for the American workers. Must progress be our doom? Are we moving forward or quite rapidly slipping backward?

There were 15 million jobs destroyed as a direct result of plant shutdowns in the United States from 1969 to 1976 and this figure is even more staggering today.

Example: Plant closures only under United Paperworkers that were certified for trade readjustment assistance amounted to more than 2,200 employees in the States of New Hampshire, Maine, New York, Wisconsin, Illinois, Ohio, New Jersey, and Louisiana.

Since 1974, roughly 300,000 workers have received trade readjustment assistance after the Labor Department ruled that increased foreign trade cost them their jobs. This figure is now grossly outdated. These are only to mention a few along with these are the autoworkers, steelworkers, tire workers and rubberworkers—and the list becomes endless.

The workers who lose their jobs also lose their health benefits and, not infrequently, their pensions. Their savings are wiped out, their mortgages often foreclosed and they suffer from a deterioration of physical and mental health.

What are the effects of our national defense system?

I was in grade school at the onset of World War II, but I vividly remember those early years.

Many consumer items were rationed for civilian use; these included tires, new farm machinery, cars and trucks, because these factories all converted to manufacturing and producing military equipment.

Now what happens in the event of a national crisis with all the multinational corporations moving to foreign countries and all of the qualified people to build defense equipment, such as autoworkers, steelworkers, welders, machinists, electricians, carpenters, woodworkers, and other unemployed in the United States.

Would the governments of the countries where the corporations are moving grant them permission to build and use their resources on war equipment even if the labor force had the technology for shipment to the United States?

It is certainly no secret what shape our defense equipment is in now, lacking new replacement equipment and new replacement parts to service the equipment now in use.

As an example, the number of helicopters that broke down in the U.S. attempt to free the hostages in Iran. Millions of American tax dollars of military equipment had to be abandoned in the desert maybe because of the need of some small replacement part malfunction.

Is America prepared, with our dwindling factories, or could America fight another conventional world war if it should happen, or are our young people right in thinking the Government and most people of the United States are almost 100 percent depending on our intercontinental ballistic missile system which will surely mean a nuclear holocaust.

Many big corporations show no responsibility to workers or their community. Company and individual plants, although they may be profitable, are sometimes closed in order to concentrate resources in operations which are even more profitable, through increasing foreign investment, where resources, labor, taxes,and environmental costs may all be cheaper and more desirable. To quote Hon. Senator John Melcher:

> Under existing law, U.S. multinational companies pay an average 2 percent tax on their foreign net income.
>
> That compares with an effective tax rate of 41 percent on domestic corporations' net income. We have to get tough on imports so that American dollars stay here rather than going abroad and Americans will have jobs; imports should at least balance with exports.
>
> There is little time left to avoid economic catastrophe.

I believe our Government has a duty to inject social responsibility on this issue, to protect workers and communities against this type of devastating impact. New Federal legislation to achieve this goal, which has been standard policy in many European countries for years, is an absolute must to end the runaway situation for the satisfaction of greed.

Thank you.

Mr. CLAY. Thank you. Mr. Pemberton?

STATEMENT OF JOHN PEMBERTON, FORMER SANDER-GRADER, EVANS PRODUCTS CO., MEMBER OF THE STANDING COMMITTEE, LOCAL NO. 1145, UNITED PAPERWORKERS INTERNATIONAL

Mr. PEMBERTON. Congressmen Williams and Clay, thank you for this opportunity. I'm not a professional speaker, but you'll have to bear with me.

For the record, my name is John Pemberton. I have been employed by the Evans Products Co. for the past 8 years. My job title was sander-grader. This involved essentially the quality control of sanded plywood products. I was laid off by the company in the latter part of May of this year. The effect of the mill closure by the company has been very significant to my family, myself, and my fellow workers.

My personal income has been reduced from a weekly wage of $315 to a weekly unemployment insurance benefit of $119. This has literally shattered my family budget, as this is a 62-percent drop in my personal income. The ramifications of this are obvious; monthly mortgage payments on my home have been difficult to meet. My family is operating on an austerity program, and were it not for my wife's part-time job as a waitress, we would be in deep financial trouble.

Many of my coworkers are in serious trouble. Homes have been lost to bank foreclosures, vehicles have been repossessed, some have been forced to sell their homes at great personal loss, due to the timing of the mill shutdown, and the currently depressed real estate market.

Many have moved out of the area and State, seeking employment elsewhere. This is true in my case, as I have found employment in Helena and will be moving soon.

Most depressing to me, is the plight of the average older family man, who has worked at the mill for the past 15 years or more; quite often he is the sole breadwinner in the family, and lacking higher education or technical training, he is forced to accept welfare payments and subsist on food stamps. In some cases, he has been forced to accept menial labor employment at minimum wage. To some, this can be a very degrading and humiliating experience; and a financial setback from which they will never recover.

The impact of this mill closure on the Missoula community is also very significant. The annual payroll of approximately $7 million is spent many times within our community. The economic multiplier effect of this loss to the Missoula community I conservatively estimate at $25 million annually.

According to our city clerk, since the beginning of 1980, 16 small businesses have gone out of business. This impact is permanent and irreversible.

I feel there is a strong need for legislation in this area of mill closures. The Evans Products Co., is clearly a runaway corporation; while simultaneously closing its Missoula facility, the company has been quietly increasing its capital investment in British Columbia, Canada.

The company presently has four large and modern sawmills located in the towns of Lilloet, Savona, Dondald, and Golden, British Columbia.

A recent tour of these facilities by Missoula union representatives, myself included, has revealed to us the truly massive corporate investment now underway in British Columbia. The most modern, computer operated sawmills and plywood plants have been built, or are under construction, thus creating a state-of-the-art in the lumber and plywood mills, possessing tremendous production capability, which they will use to compete with domestic producers and American workers.

Yes! The Evans Products Co., has cut and run to a foreign country. Perhaps it is now too late to help the victims of the Evans Products Co., however, let us project this situation to 1990 or some other future date. By then, at the current rate of cutting, the Champion International Corp., will have consumed most of the remaining timber supplies in this area. What will be the fate of the Missoula community then? When the largest employer in the area decides to reallocate its

investments to some other area or country; when that happens and it seems to me virtually inevitable, this community is going to be in very, very serious trouble.

As a final note, I think it is an interesting observation, that the Evans Products Co., and the Champion International Corp., have chosen to decline their invitations to appear here today. Perhaps they realize their moral position is totally indefensible—or could it be that they simply do not care.

Thank you.

Mr. CLAY. Thank you. Mr. Pemberton, how much notice did you have before the plant closed?

Mr. PEMBERTON. Well, I have to concede that point to the company. They notified us on October 15 of last year.

Mr. CLAY. And the plant closed?

Mr. PEMBERTON. That the plant would be closing at some time in the near future. As it worked out, it took about 9 months to wind it down.

Mr. CLAY. What, if any, assistance did you get from the community or from the Federal Government or from the plant before and after the closure?

Mr. PEMBERTON. Well, the community supported us in spirit, but lip service doesn't put groceries on the table. The Federal Government, as has been pointed out, denied our application for trade adjustment assistance. The company has been almost token—I should say the severance pay that we negotiated amounts to a token severance pay.

We received, with employees with less than 4 years seniority, received no severance pay whatsoever, and there was a graduated scale involved in our negotiated settlement, whereas those people with more seniority were granted somewhat more severance. Personally I received 1 week's severance pay for 8 years of service, which is a sham when it comes to severance pay, and many of the people who worked there for 20 years or more received very little, matter of 3 or 4 weeks; isn't that right?

Mr. SHATTO. Uh-huh.

Mr. PEMBERTON. When you consider the amount of lifetime service they have given to the company.

Mr. CLAY. Mr. Williams?

Mr. WILLIAMS. I want to thank all of you, all three of you, for appearing today.

Millard, Paperworkers International has long been concerned about Government intervention in the collective bargaining system. I wonder, would you give us your thoughts about the potential for that risk in the passage of this legislation or similar legislation.

Mr. LAMB. Well, I think with development over the years that we've found that we have to go to the Government for assistance, because companies are growing so large that they are, in a sense, becoming a worldwide government of their own, and so the next best place we can go to is to ask our own Government to help us and then to establish guidelines and minimums in a fashion maybe somewhat similar to what was done with retirement income security. But we, yes, don't like to have them actually sitting in or being involved, but we think that for the sake of uniformity and for the benefit of all people that there should be minimum standards by Government.

Mr. WILLIAMS. As international representative, Millard, you've worked with Evans before and understand perhaps their management themes and their logic. I'm wondering if you could shed some light for us. This is a better question asked of them, but they aren't here. Could you shed some light as to why they refuse to even come before this committee upon invitation?

Mr. LAMB. Well. being acquainted with them, and I've been in all negotiations since the plant was organized, I find that they strike me that they approach Government in a similar fashion that they approach us, that they only tell us those things which we absolutely are required and have a right to know. They do not initiate or volunteer anything, and so the best way is, if you can, is not to be there so you don't have to expose yourself.

When we got the plant announcement of shutdown, we immediately approached them and said we want to negotiate the terms of severance, and they said, well, we don't know if we have to do that, and we said, we know you have to do it legally.

Then when they finally did sit down with us, then they told us the industry didn't want to be first in the Pacific Northwest in the industry to pay severance. Nobody else ever did before. We challenged that, found that to be incorrect, their position, and then we said that we were entitled to more money or consideration, because we know that the corporation has made some money, and they were reluctant to tell us in detail about the finances of this individual plant, in fact. So it got us to, as minority counsel mentioned this morning, the NLRB takes the position they have to give us that information, and so we asked them for it and told them we were entitled to it under the law. So then that meant they told us they were not pleading poverty, and we, therefore, could not understand if they were not pleading poverty then why couldn't we have a better severance, because, like John has said, that severance makes me ashamed that I was a party to those negotiations. It's too bad. the only thing you can say, it's better than nothing, but the company's attitude, to sum up your question, is you have to dig it out of them, and they never volunteer anything.

Mr. WILLIAMS. Mr. Chairman, if I may, one more question.

Mr. CLAY. Certainly.

Mr. WILLIAMS. Thank you. Wayne, you have many friends that experienced this layoff. Some of them are probably in a pretty difficult psychological spot. We know most of them are in a difficult economic spot. Could you give us a sense of what some of your friends are experiencing as a result of the layoff.

Mr. SHATTO. Well, like I reported, Congressman, in my testimony, where some of them have been foreclosed on, the other things in the newspaper, where, I believe, they report those things, I think a good share of these are probably coming from the Evans employees. Some of the people—I don't know that they have lost their houses yet, but if they have not, it's going to happen soon, because with the interest rates, you know, with the interest rates today what they are, of course, he's forced to make huge payments, especially on real estate, and Congressman Clay there in his question to John: has anybody in the community been involved and helpful, and I would like to just take a minute to respond to that.

Governor Judge was very helpful. Governor Judge of Montana. Pat Williams' office and his staff people, Sandy Wallace, was very helpful on the trade assistance. Senator Baucus made some calls to the U.S. Department of Labor, Trade Assistance Office. John Melcher researched our whole company pension plan, so there's been people pulling hat for us.

Mr. CLAY. Thank you. Edie?

Ms. BAUM. Thank you. Mr. Lamb, you said the company wasn't pleading poverty. They weren't pleading economic considerations when they went out of business. Did you get the economic information you sought?

Mr. LAMB. We did not, and that very reason the company knew that we also knew if they said and did plead poverty then we could audit their books, and they were not about to let us do that under no circumstances.

Ms. BAUM. You may have heard the question I asked Mr. Murry earlier about the NLRB's new policy. I think it's just recent about not only bargaining about the effects of the closedown but also bargaining about the decision to close down, and I believe it's reached one court of appeals. I'm not sure. How do you feel about that?

Mr. LAMB. Are you saying to me that, in fact, they have to give us something which would be foreign to the National Labor Relations Act; they have to bargain in good faith? They may have to give us——

Ms. BAUM. To bargain in good faith about the decision to close down; does that disturb you in any way about being a partnership to the eventual decision?

Mr. LAMB. Well, I'm afraid I don't understand about the eventual decision, what you mean.

Ms. BAUM. Well, the NLRB, as I understand, has gone beyond its requirement that you just bargain about the effects of a planned layoff or closedown. It's now said that the company and the union must bargain about the decision to close down, the decision itself, and I just was wondering what the union reaction was toward that kind of a policy.

Mr. LAMB. I wish I'd known about it before now.

Ms. BAUM. In other words, you support the right of the worker who has as much of a financial investment in that plant as the investors; is that correct?

Mr. LAMB. Well, certainly I think when employees are hired by the company it's kind of like a marriage; that we go in this working for better or for worse, and it's a contract, and I don't think that the company can just get rid of the employee when they feel it to their advantage. I think it's a mutual thing. We have a contract with the company to provide them with the help and labor that they need, and we are in, if our people don't come to work, they get fired. There's this penalty. It's a two-way street.

Mr. CLAY. He answered your question. Fred, do you have any questions?

Mr. FEINSTEIN. No.

Mr. CLAY. We certainly want to thank the three of you for your testimony.

Next witness is John Whiston, recording secretary of local 3038.

Without objection, your entire statement will be included in the record. If it's a lengthy statement, because of our time constraints, we would ask you to summarize it if possible.

Mr. WHISTON. It's a short statement.

Mr. CLAY. You may read it all then.

STATEMENT OF JOHN WHISTON, RECORDING SECRETARY, LOCAL NO. 3038, BONNER, MONT., REPRESENTING INLAND EMPIRE DISTRICT COUNCIL, LUMBER, PRODUCTION & INDUSTRIAL WORKERS

Mr. WHISTON. My name is John Whiston. I work on the green chain at Champion Building Products at Bonner. I'm the recording secretary for local union 3038 and am speaking on behalf of that local union. I'm also speaking for the Inland Empire District Council of the Lumber, Production, and Industrial Workers. Our executive secretary, Bill Brothers, has asked me to express regrets that a previous engagement has prevented him from testifying here himself.

The Inland Empire District Council of the Lumber, Production, and Industrial Workers represents 3,200 members who live and work in western Montana, northern Idaho, and eastern Washington. Local union 3038 represents the nearly 1,000 workers at the Champion Building Products operation in Bonner, Mont.

We are grateful to the committee for coming to western Montana to investigate the problem of plant closures. We hope that these hearings will give you a better understanding of the particular problems faced by workers in the woods products industry and by the communities in which they live. Our union appreciates the opportunity to present our views on H.R. 5040. At the May convention of the Inland Empire District Council, we unanimously passed a resolution calling for the passage of Federal legislation that would provide protection for workers and communities facing the serious dislocation of a plant closing. H.R. 5040 is an excellent bill and has our full support.

The Lumber, Production, and Industrial Workers is not unfamiliar with the problems that follow a company's decision to shut down a sawmill or manufacturing plant. In the last 5 years alone, our district council has experienced 5 major closures, affecting 500 workers. Plants in Plains, Mont., West Yellowstone, Mont., Ford, Wash., Post Falls, Idaho, and Spokane, Wash., have permanently closed their doors on our members.

The inland empire is an area of high forested mountains, cut up by several large rivers. Towns are few and far between. There are only half a dozen communities that could be called cities. The people of this land live close to it, mainly in small towns, drawing their living from the land, often in the form of timber. These are stable communities where sons and more recently daughters follow their fathers into the woods and the mills. At the Bonner mill, I know of several third-generation millworkers. The effect of a sudden closing on this type of community is traumatic.

The economic impacts are huge. The loss of wages, the termination of health insurance benefits, the decreased pension are some of the dollars-and-cents problems of a corporation picking up and leaving.

But also the small businesses of the area that served the workers and their families soon curl up and die. The governments, towns, counties, school districts, that depended on local property taxes, have the awful choice of raising those taxes or eliminating essential services, when they are needed most.

One of the most agonizing effects of such a plant closure is the difficult move that the workers and their families must often make to new towns and new States where there are jobs to be had. For people with roots two and three generations deep, such a dislocation is a deep emotional hurt.

The economic, social, and emotional impacts on workers and on the families and friends of workers has a serious side effect on their health. A recent study by Dr. Sidney Cobb of Brown University and Dr. Stanislav Kasl of Yale has established that workers unemployed because of a plant shutdown have higher rates of heart disease, hypertension, diabetes, and ulcers than employed workers. They also have a suicide rate 30 times the national average.

For the small cities and towns of our area, the loss of a mill is not just the loss of a central business, but often it is permanent crippling or destruction of the community. The members of the Lumber, Production, and Industrial Workers need H.R. 5040 to cushion the impacts, but so do their friends and neighbors.

Up to now, the mills in this region that have closed have been smaller operations, employing around 100 workers. The decision of the Evans Corp., to close their Missoula facility is an ominous sign, especially for those employed at Champion's plywood and sawmill at Bonner.

Local 3038 at Bonner knows what it is like to endure a closure. In 1972, the mill was sold to Champion by Anaconda Forest Products. The gates were locked for 4 months and no one had any guarantee of going back to work when they opened. The people at Bonner were lucky in 1972; we got our jobs back.

Employees at other Champion mills in the Northwest have not been so lucky. Since January of 1979, the company has permanently closed four operations at Hood River, Oreg., Roseburg, Oreg., McCloud, Calif., and Willamina, Oreg., laying off over 700 employees.

Within the next 5 years, I will join them. Champion's Bonner operation cannot operate at its present production level for even that long. A major layoff or closure is just around the corner.

There are many reasons why I and hundreds who work with me believe this. And while we cannot prove the company's intentions, hidden as they are behind the walls of corporate secrecy, the evidence is clear in the mill every day. We see this in the wood that is wasted. During last winter, I stood and watched large old-growth fir and larch peeled even though it was frozen. Not an inch of usable plywood veneer was produced, only tons of chips to feed the pulp mill in Frenchtown.

A fortunate combination of cheap timber and expensive chips gives the company every economic reason to cut and saw and peel and ship as fast as they can. Champion is rushing the forests of western Montana through that mill at a reckless pace with little or no regard for the long-term future. And when the large logs suitable for the manufacture of plywood and lumber are gone and Champion has shifted

production to its huge new facility in Camden, Tex., I will be out in the street just like the people from Evans.

Our union is asking the Congress to provide us with levels of protection taken for granted throughout the industrialized world. Advance notice of shutdowns, severance pay, transfer rights, payments to local governments in lieu of taxes are all reasonable requirements of the corporations who have extracted millions from the workers and the woods of western Montana. We will always be subject to some of the agonies and uncertainties of plant shutdowns so long as investment and disinvestment decisions remain exclusively in corporate hands. H.R. 5040 however would go a long way toward making the economic, social, and emotional impacts of closures bearable. We hope that the Congress will act quickly to enact it.

Mr. CLAY. Thank you. Are you telling this committee that Champion is deliberately establishing a paper loss in order to justify closing this plant?

The impression I got was that they were deliberately creating a paper economic loss to justify the closing of the plant, you said, within a matter of 5 years; is that correct?

Mr. WHISTON. No; I don't think they're deliberately creating a paper loss. I think they are running as fast as they can to process the available peelers and saw timber in the 640,000 acres they own in western Montana so that the timber is gone at approximately the same time the mill is gone.

Mr. CLAY. In approximately 5 years or less?

Mr. WHISTON. That's my belief, 5 years or less.

Mr. CLAY. If the mill leaves, do you have any estimate as to what the economic impact will be on this community?

Mr. WHISTON. The mill has been there since 1897. I doubt that it will ever leave completely. It will more likely be a significant cutback. There are a thousand workers there now, with an approximate monthly payroll of $17 million to $19 million. It's the largest single employer in Missoula County.

Champion also owns small sawmills in the town of Missoula, in Darby, in Silver City, Mont., in North Fork and Salmon, Idaho. The effect of Champion significantly reducing its operations in this area would be tremendous.

Mr. CLAY. Mr. Williams?

Mr. WILLIAMS. Thank you, Mr. Chairman. John, there may be many reasons why a company closes a plant in a particular place, reasons such as Federal or State taxing policies, including taxing policies on foreign income, a lack of harvestable timber, wages, and you gave a frightening and graphic example of one reason they may leave, that they know when the useable life of the plant will come, and they also hope that juncture arrives at the same time that they have used up the life of the forest in this State.

How many of your fellow workers would agree with that assessment?

Mr. WHISTON. Everyone I talk to. I know of one that is planning on spending 20 years there.

Mr. WILLIAMS. Is the standard talk around the place that this company will be gone in 5 years, and that's why they're rushing these forest through this plant?

Mr. WHISTON. Some people are more optimistic than I. Some people say 15. I believe that's the standard opinion in the plant.

Mr. WILLIAMS. When folks in Montana, it seems to me, talk about what they like about this State, they seldom talk about their jobs, although they all need to work. They often talk about the hunting they did last weekend, fishing they're going to do next weekend. So I guess I'm wondering in this graphic description what effect that knowledge has to the workers who want the jobs but don't want to see these forests depleted and overcut and the land and the water ruined.

Mr. WHISTON. People are aware that there's some contradiction between their jobs and prime elk hunting habitat. It's my belief—and I know it's the belief of a substantial number of people at the mill—that this contradiction can be resolved by careful, sustained yield management of our forests and by more careful production processes in the mill. My point is that the mill is wasting wood that could be better used for plywood and saw logs than for chips, and that, too, is the benefit of the people at the mill.

Mr. WILLIAMS. Thank you.

Mr. CLAY. Well, is it more profitable—will the gentlemen yield? Is it more profitable to make chips than to make plywood for the company?

Mr. WHISTON. I don't know. The figures are hidden. I know that the amount of chips that Champion Building Products in Bonner sells to Champion Paper Products in Frenchtown pays the wages for all the workers at the mill in Bonner. I know that the chips—a chip truck leaves the Bonner mill every 15 minutes carrying $1,100 worth of chips.

Mr. CLAY. What do they do with the chips?

Mr. WHISTON. They pulp it and turn it into paper and cardboard.

Mr. WILLIAMS. Thank you.

Mr. CLAY. Fred?

Mr. FEINSTEIN. Let me ask a question I asked an earlier witness. What do you think is the realistic appraisal of the possibility of the workers of this plant cooperatively running and managing the plant? Do you think that the prospects for longer duration of the plant would be greater? Do you think that would be a realistic type of approach?

Mr. WHISTON. Certainly. As a union official there are, of course, many pitfalls in that. When the workers own it, who does the union negotiate against? Many union people are leery of that pitfall, but I think that with some creative approaches to the problem, that wouldn't be a problem, and that cooperative ownership of the mill may be an excellent chance to run it in a sensible manner, devoted to the needs of the people of western Montana, and it also might be of last resort, the only way to keep the mill open.

Mr. FEINSTEIN. Thank you.

Mr. CLAY. Edie?

Ms. BAUM. No.

Mr. CLAY. We certainly want to thank you for your testimony.

The next witness is Mr. Garry Preston, president of the Machinists' Union.

Without objection, your entire statement will be included in the record, and you may proceed as you desire.

STATEMENT OF GARRY PRESTON, PRESIDENT, MACHINISTS' UNION, ANACONDA, MONT.

Mr. PRESTON. All right, thank you. Congressman Clay, Congressman Williams, counselors, and friends, I'm in the unusual position not only of representing my local, but also, by request of the Chamber of Commerce, including a statement from them, because they are in a very serious mood, as well as we are, over the continual threat of closing down the Anaconda reduction.

My name is Garry Preston. I live in Butte, Mont., but I'm the president of Local 29, Machinists' Union, in Anaconda. I'm glad that we have the opportunity to come here and present this testimony for you. I'm going to kind of capsule it a little bit, because I have some additional information, but I've been very deeply concerned about the trends in the United States as well as this State that have produced social and economical problems that have been mentioned, family erosion, and to the local community, both here and Missoula, as I heard the stories, as well as in Anaconda and Butte, where I've seen it so many times over the last years.

A classic example is now, like, we're on strike now, but my own nephew, who is just completely depressed of the costs and possibilities of losing a job; he's been with the Anaconda Co. for 6 years, just received his variance to go into the U.S. Navy in the nuclear project, because he figured he could no longer continue under this constant threat for the rest of his life. He's in his middle twenties, married, with three children, and he has an excellent work record, but the pressures of the constant doubts of the future has driven him to make this radical move.

The many who worked in the new and so wonderfully heralded Arbiter Plant in Anaconda, built by the Anaconda Co., found themselves without a job in a very short time. Some transferred to this plant from other plants in the company. A number of them had many years of steady employment with the company. A past president, who had transferred into our union, had over 27 years with the company. He lost his job because he transferred to another bargaining—to another area, to another seniority list. He has to sell his home. He is working here in Missoula with his brother in a business.

And the continuous uncertainty what we're getting from the Anaconda Co. talking with the management of public relations in Anaconda yesterday, he keeps putting before me constantly this continuous threat of shutting down the smelter in Anaconda, and this type of instability is just completely beyond the capacity of some people to take.

I personally fear that my oldest daughter and my son-in-law and my granddaughter will soon be leaving Butte because of the lack of reasonable standard of living. My oldest son is also entering the military, though I can't complain too much. He's following his father and his grandfather, but it has as much to do with finding employment and training as much as an experience in life, and these very same problems lie with every family and everyone in business in Anaconda.

Of course, the businesses in Anaconda are looking at the results of a complete loss of their businesses if the smelter cuts way back or if it is terminated and moved elsewhere or the possible tolling of copper

in Japan, copper concentrates, whether it's continued as a single corporation, and the community will go into literally oblivion. I have a letter from the chamber of commerce on this.

In my opinion in this day and age it seems responsibilities should not lie solely on the community, nor on public assistance from our State and Federal Governments, but also the responsibility has to also ride more on the large, multiple corporations who grow larger mostly on the productive work of the working people I work with as well as our natural resources, and these sacrifices should not be placed into the future trust of these corporations to continue the production in our State, and I know that other States, which are like Montana, have seen the actions of these powerful corporate conglomerates to shatter their future.

I think the idea of increased profits has become ingrained in this corporate management. I think it has become a psychoolgical and indifferent trend to their operation, where even the corporate management has become an inhuman operation. We constantly see corporate individuals from frontline foreman salaried, right up the ladder constantly being sent to Denver for additional schooling. When these people are attending, they are so keyed in literally, I think to programs that the humanistic of the corporate management no longer exists, and I think that, while we do respect as labor and we realize the necessity of our capitalistic system and the profitmaking, this is the name of the game, I also believe the responsibility goes much beyond trying to increase profits by closing or reducing job opportunities.

Not only here in Montana, many other communities have given proof to our concern, not only in legislation to induce corporations not to move or cut back, but also to assist these same enterprises in remaining here in Montana. These organizations, while they are in part made up of corporate management, also receive assistance from both community and labor organizations.

The Western Environmental Trade Association of Montana and the Montana Mining Association and the Montana Chamber of Commerce—I'm going to divide this from the American Chamber of Commerce for a number of reasons—are working very hard presently to help in some of the questions in legislation that has caused us tremendous impact on corporate management, on runaway environmental controls and this.

These organizations, like I stated, made up of large and small businesses and individuals like myself willing to sacrifice both time and money to continue the existence of the corporations of the State.

Thus, with the plea for legislation that would be directed to corporate management to consider its responsibilities to us, so that our toil and our hopes and efforts as well as our families will not be shattered simply over the greed of higher profits. Governmental assistance such as unemployment checks, trade readjustment assistance or TRA extended while needed and well accepted, cannot replace the losses we have borne or face. We trust that you will find it possible to assist in our hopes of the future.

I want to refer now to the letter from the Chamber of Commerce, and this is written by Mr. Gene Lutey, president of the Anaconda Chamber of Commerce:

I would like to make the following testimony on behalf of the community of Anaconda.

On the 45th day of the copper strike between local unions and the Anaconda Copper Co. a survey was taken of businesses in the area. Of those businesses polled only 15 percent reported no change in the amount of business they have done since July 1; 55 percent reported a loss of business of 10 to 45 percent; and 30 percent reported that their business has dropped off over 50 percent since the strike began. Also 40 percent of these people reported that they had to lay off some personnel because of the decline in business.

Keep in mind, please, that this is a result of a temporary shutdown due to a labor dispute.

Imagine the effects on our community if this plant shutdown became permanent. Many outside forces could deem the move of the Anaconda Copper Co. completely out of Montana a reality.

Eleven hundred people are presently employed by the company in Anaconda. If each one of these people lost their job and were forced to leave our community the economic impact would be devastating. Subsequent layoffs would immediately follow in city-county government, school district employment, construction related business, clothing and food suppliers, et cetera.

In short, the loss of our main industry would eventually cause our extinction.

I believe that speaks for itself.

I also have a few other articles in here. We have been told constantly about the problems of the plant shutdown. I've picked up a notice in one of the company papers concerning the tolling of Anaconda concentrates, which would be normally coming to the smelter in Anaconda, tolling of these concentrates where actually smeltering and refining them in Japan, otherwise eliminates a smelter in Anaconda and the refinery in Great Falls.

I asked Senator Baucus to check into this. The letter came back from L. Ralph Mecham, vice president of the Anaconda Co., addressed Washington, D.C.

DEAR MAX. Thank you very much for your inquiry of July 7, concerning the article which appeared in the American Metal Markets for June 6. The article dealt with possible Japanese tolling arrangements for Anaconda's copper.

I have referred your letter to James Marvin, the new president of the Anaconda Copper Co., in Denver. The reply will be sent to your Butte Field Office.

My preliminary understanding is that the article quoted is essentially accurate. However, I think because of it's importance that it would be best to have a complete reply from company headquarters.

Sincerely,

L. RALPH MECHAM.

As of yet those replies have not yet come, which is very unusual according to Senator Baucus, because replies come quite rapidly.

The Anaconda Co., is very good about telling us some things that go on in the corporation. The Anaconda Co., Wire and Cable Division has now transferred 50 percent of the corporation into a new corporation with the Anaconda group called Anaconda-Ericsson. They expect within a year alone the new company sales could reach $700 million in 1980, also this particular industry is a high copper user, as is the Anaconda Brass and Copper Industries.

The "ArcoSpark," just the latest one, August 1, it's stated the first 6 months of this year is a total of $806,900,000, a gain of 71 percent over the same 6 months last year. The company is quite healthy, I would say.

Another thing, we are informed constantly those who understand the environmental problems of the company who have been told, is the fact that the Anaconda Co. is having tremendous problems smeltering because of arsifious ore at tremendously high concentrates, which contains arsenic. This is a particular problem at Butte. Fortunately I have done a lot of checking. I happen to have this bulletin

from the Bureau of Mines investigation report of 1976, which was done under the department of the U.S. Bureau of Mines, which is part of the Department of Interior, and the ASARCO, American Smeltering & Refining Co. The custom concentrates in this plant in Tacoma, comparing this with the readings or the assays of the flue dust at the Anaconda smelter, I find at times these show a much higher concentration of arsenic than the Anaconda copper, which also points to me this problem which the U.S. Government has, and so increased a tremendous amount of problems, that these problems were also being discussed herein, and many have been disturbed about the fact that after so many years of taking natural resources out of this State—and there are still years left; there's still an opportunity to rebuild the smelter; they have the ground; they have immediate water; they have the people to run the smelter right there; that they would be even—considering just for additional corporate profits to move the smelter to some other area or to possibly send the concentrates to a place like Japan to be taken care of there.

Thank you.

Mr. CLAY. Thank you. When you spoke of the uncertainty and the instability in the industry, are you saying that it is actually more profitable in an area like this for a mill to close down, or to move someplace else either in this country or a foreign country?

Mr. PRESTON. Congressman Clay, it would definitely be apparent to us a possibility to send these concentrates to existing smelters that are not involved in the environmental problems they have here, but, for my investigations, almost all of the smelters in the United States suffer the same problem the Anaconda Co., has with the environmental, as well as many of them are still quite old. The Anaconda Co., has been up to a considerable degree retrofitting with new types of furnaces and with approximately $60 to $70 million worth of environmental cleanup equipment.

I think that the question is that they just do not want to spend the money to rebuild it to conform with the laws. Some of these laws I consider border on the lunatic myself. I don't believe at this present time they are attainable. I believe also the fact——

Mr. CLAY. Speaking of the environmental laws——

Mr. PRESTON. Yes. Environmental laws, especially the one that just passed in this new air quality standards by the Board of Health. It's just gone beyond all rationality, but also the thing is that the possibility of a new smelter, and they've mentioned it in the corporation. There are smelters on seaports which with byproducts, environmental aside, would be more profitable at 50 million pounds rather than 30 pounds a month here. I think it's all a matter of additional profits rather than just steady profits. Higher profit, I think, is the whole name of the game.

Mr. CLAY. Pat?

Mr. WILLIAMS. I appreciate your coming here and testifying, Garry. I have no questions, Mr. Chairman.

Mr. CLAY. Fred?

Mr. FEINSTEIN. No questions.

Ms. BAUM. No.

Mr. CLAY. Thank you for your testimony.

[Material submitted by Garry Preston follows:]

Prepared Statement Submitted by Garry L. Preston, President, Local Lodge #29, International Association of Machinists and Aerospace Workers

Reference to House Bill 5040- Sub Committe Hearing-Missoula Montana

Honorable Members of The United States Congress:

It is withgreat feeling that I have in presenting this testimony before you. As a native Montanan, I have been deeply concerned with the trends in this State that have produced social and economical problems beyond measure. The continual errosion of jobs in industries that have existed for many years is causing perplexing situations that must be changed.

Not only to the state and local communities, but to the basic family life of so many. Not only the realities of plants that are now closed, but the continual threat of new closures are having a grave toll on the stability of far too many.

The loss of jobs in the area where I live has proven disastrous to the hopes of so many. An example presently in my mind is my own nephew, who in his early twenties, married with three small children, is now planning to join the U.S.Navy. His hopes of a continual existance in Montana has been shattered by the uncertainties of meaningfull employment here. His work record is excellent with over six years steady employment with the Anaconda Company, yet the pressures of the constant doubts of the future has driven his to make this radical move.

The many who worked in the new and so wonderfully heralded Arbiter Plant in Anaconda, built by The Anaconda Company, found themselves without a job within a few short years. Some who have transfered to this plant from other areas of company, with many years of steady employment had to seek employment elsewhere. Many lost their homes, or were forced to sell them at a loss.

Ref: H.B. 5040 Missoula, Montana (2) 16 Aug., 1980

Not only the reality of the loss of employment, and an uncertain future to those individuals, but the continual threat has erroded the family life of many. The too often result of this instability resulted in broken families and shattered hopes. Beyond this, the loss of our children who must seek employment in others areas is a burden none of us wish to experience. I personely fear that my oldest daughter and son-in-law will soon be leaving this area to seek employment that will afford them a reasonable standard of living. My oldest son is also entering the military much as a way to find employment and trainning as an experience in life. These very same problems lie with almost every family in the area of Anaconda and Butte, and it is an unsettleing factor we all face.

Anaconda is presently looking at the realities of the loss of The Anaconda Reduction Works, better known as the Anaconda Smelter. This will cause area to become an extream depressed community, where so many have built buisness over the years with their whole livelyhood being threatened by the whims of one single corporation. The loss of so many jobs in the past has already forced the migration of far too many from a once large and productive community. In turn this reduced the ability of the supporting buisnesses to exist or grow, and many are no longer in existance. In turn, many of the families so affected suffered the same social problems of the working company people who lost their jobs. But the affect was coumpunded by the loss of many years of financial involvement, toil and diligence required in private ownership of a buisness. As well, their employees had or have to bear the same burden.

In this day and age, it seems that the responsibilities should not lie solely on the community, nor on public assistance from our State and Federal Governments. But as well on the large corporations who grow larger mostly on the productive actions of the working people and our natural recourses! That the sacrifies are not to be placed at the feet of those who placed their future in trusting these corporations to continue production in our State.

Ref: H.B. 5040 Missoula,Montana (3) 16 Aug. 1980

Montana and I assume many other states has seen the actions of large and very powerful corporate conglomerates shatter the future of so many at the whim of increased profits. This after growing large and larger through the efforts of the working people, even when continual corporate income is still possible in the existing area. While everyone knows and respects our system of capitolism we also believe in responsibility, and feel that this responsibility goes far beyond trying to increase profits by closing or reductions in jobs.

Many communities and organizations give proof to our concern not only in legislation to induce corporations not to move or cut back. But also to assist these same enterprises in remaing here in Montana. These organization while they are in part made up of corporate management, also recieve assistnce from both community and labor organizations. W.E.T.A. or The Western Enviornmental Trades Association and The Montana Mining Association as well as the Chamber of Commerce are prime examples. The organizations are made up large and small buisnessmen, and individuals like myself, willing to sacrifice both time and money to continue the existance of these corporations in our State.

Thus, the plea is for legislation that would be directed at the corporate mangement to consider its responsibilities to us. So that our toil, our hopes and efforts as well as our families will not be shattered simply over the greed of higher profits. Governmental assistance such as unemployment checks, Trade Readjustment Assistance (T.R.A.) Ext. while needed and well accepted cannot replace the losses we have born or face. We trust that you will find it possible to assist in our hopes of the future.

Respectfully submitted

Gary L. Preston
President, Local Lodge #29, International Association of Machinists and aerospace Workers

Anaconda Chamber of Commerce
P. O. Box 757 - Phone [illegible]
307 E. Park Ave.
Anaconda, Montana

August 15, 1980

Progressman Williams and Committee:

I would like to make the following testimony on behalf of the community of Anaconda.

On the 45th day of the Copper strike between local unions and the Anaconda Copper Comapny a survey was taken of businesses in the area. Of those businesses polled only 15% reported no-change in the amount of business they have done since July 1; 55% reported a loss of business of 10-45%; and 30% reported that their business has dropped off over 50% since the strike began. Also 40% of these people reported that they had to lay-off some personnell because of the decline in businesses.

Keep in mind, please, that this is a resultof a temporary shutdown due to a labor dispute.

Imagine the effects on our community if this plant shutdown became permanent. Many outside forces could deem the move of the Anaconda Copper Company completely out of Montana a reality.

Eleven hundred people are presently employed by the company in Anaconda. If each one of these people lost their job and were forced to leave our community the economic impact would be devastating. Subsequent lay-offs would immediately follow in city-county government, school district employment, construction related business, clothing and food suppliers, etc.

In short, the loss of our main industry would eventually cause our extinction.

Gene Lutey

Gene Lutey, President
Anaconda Chamber of Commerce

Additional Statement Submitted by Garry L. Preston, President, Local Lodge #29, International Association of Machinists and Aerospace Workers

Ref: H.B. 5040 - Sub Committe Hearing Missoula, Montana
Honorable Members of The United States Congress:

In addition to my opening letter, I wish to place before this Sub-Committee the following documents.

Item 1, Letter to Senator Max Baucus from The Anaconda Company corporate Vice President L.Ralph Mechan.

This letter, though only an advanced answer to the question of sending all of the Anaconda Copper Concentrates to Japan for smelting and refining(tolling). It gies proof that The Anaconda Company is giving very serious consideration to the closing of the smelter in Anaconda, Montana and the refinery in Great Fall, Montana. Which would cost these two communities a very large loss of employment.

Item 2, The latest issue of ArcoSpark, the corporate newspaper to all employees of Atlantic Richfield/Anaconda Company. Dated August 8,1980. The intresting article on the formation of a new corporation, in which Wire and Cable Division of the Anaconda Company and a Swedish firm LM Ericsson will form a joint corporation. Which expects a possible sales of $700 Million in 1980. This ~~gives~~ proof of the healthy state of the Anaconda Corporate S and. As well as a large outlet for much of the copper produced out of Montana. A firm so healthy must give consideration to the people in this area.

Item 3, A report from The Bureau of Mines, part of The United States Department of The Interior. The report RI 8144/1976 shows the work that has been done on Smelting of Arsenferous Copper Concentrate in an Electric-Arc Furnace. The main item is the amounts of arsenic found in the concentrates smelted by The ASARCO Company.
The Anaconda Company has informed the Unions that one of its major problems is the Butte ores, which are highly arsifious. (Dirty Ores). That this problem is mostly an Anaconda Company problem. But the charts within this report show that custom concentrates recieved at this Smelter in Tacoma, Washington has much the same levels of arsenic as the Butte ores. While the report is highly technical, the information gives evidence of the same problem existing in other areas of the Copper Industry as well. In this, while The Anaconda Company is considering ways of retrofitting the smelter in Anaconda, or building a totally new smelter in Anaconda. That it is also considering a joint venture with another company in building a new smelter in one of the Southern States.

We believe that the Anaconda Company is now very healthy, and must consider its obligations to the communities of Anaconda, Butte and Great Falls. That the profit margine is sufficint to justify to continual operation in all three cities.

The ANACONDA Company 1333 New Hampshire Avenue, N.W.
Suite 1000
Washington, D.C. 20036
Telephone 202 457 6850

L. R. Mecham
Vice President

80 JL 23 AM 9 28

July 18, 1980

The Honorable Max Baucus
United States Senate
5327 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Max:

Thank you very much for your inquiry of July 7 concerning the article which appeared in the American Metal Market for June 6. The article dealt with possible Japanese tolling arrangements for Anaconda's copper.

I have referred your letter to James Marvin, the new President of the Anaconda Copper Company in Denver. The reply will be sent to your Butte field office.

My preliminary understanding is that the article quo is essentially accurate. However, I think because of it' importance that it would be best to have a complete reply from Company headquarters.

Sincerely,

Ralph

L. Ralph Mecham

LRM/cls

cc: Butte office

MAX BAUCUS
Montana

United States Senate
WASHINGTON, D.C.

COMMITTEE ON FINANCE
COMMITTEE ON JUDICIARY
SELECT COMMITTEE ON SMALL BUSINESS

July 25, 1980

Garry L. Preston
4034 Wynne Avenue
Butte, Montana 59701

Dear Garry:

I have received a response to the inquiry Senator Buacus made on your behalf. I am enclosing a copy of the letter from the Anaconda Company.

You will note this is merely an interim reply. As soon as we receive further information we will be back in touch with you.

In the meantime, should you have additional information or questions, please do not hesitate to call or write to me at the Butte Field Office.

Sincerely,

Mike

Mike Cooney
Staff Assistant
Room 256, Federal Bldg.
Butte, Montana 59701

Enclosure

ArcoSpark

Vol. 6, No. 30/August 1, 1980

Profit trend continues

Alaska production, crude prices, spur second quarter rise

LOS ANGELES — Atlantic Richfield Company reported net income of $434.6 million for the second quarter ended June 30, an increase of 67 percent over the $260.4 million reported for the same period a year ago. Earnings per share, after giving effect to the two-for-one stock split effective May 9, were $1.75 compared to $1.06 for the second quarter of 1979.

Principal contributors to the income gain were higher production of crude oil from Alaska's North Slope and improved prices for crude oil and products.

For the first six months, earnings totaled $660.9 million, a gain of 71 percent over the $387.5 million for the first half of 1979. Six months' earnings per share were $3.48, versus $2.06 in the same period last year.

BOOST — Crude from Alaska's North Slope helped push Atlantic Richfield's second quarter profits to a 67 percent increase over the same period in 1979.

The strong performance in the second quarter has permitted the company to stay on target with its ambitious 1980 capital program. Atlantic Richfield's expenditures under this program so far in 1980 have totaled $1.2 billion and it is anticipated that capital expenditures for the full year will meet the planned program of $3 billion. The bulk of this spending will go toward the development and delivery of domestic energy resources, Chairman Bob Anderson said. In addition, the company acquired the remaining 50 percent interest in Ostrane Chemical Company in mid-June for approximately $270 million in cash plus the assumption of certain liabilities.

Atlantic Richfield's return on total assets for the six months of 1980 was 11.9 percent, compared with 8.2 percent in that period a year ago. Return on shareholders' equity was 26.6 percent versus 18.6 percent last year.

The company also announced that Atlantic Richfield directors have declared an increase of 5 cents in the quarterly dividend on common stock to 47½ cents per share, payable Sept. 15 to shareholders of record Aug. 8. Giving effect to the two-for-one stock split effective May 9, the new dividend is equivalent to an annual rate of $1.90.

C&R will add CRISP to I/C Engineering market appeal

LOS ANGELES — I/C Engineering, a unit of Anaconda Copper Co., has acquired Copeland & Roland, Inc. (C&R) of Dublin, Ohio to provide computer-based process control systems for the power generating and chemical processing industries.

C&R will combine its own CRISP® System with I/C Engineering's UNIPLEX® System to broaden I/C's overall market appeal.

C&R manufactures computer-based process control systems for both continuous and batch process control and monitoring in chemical processing and industrial power plant operations. Its proprietary CRISP® software package allows users to tailor systems to their own applications without any detailed knowledge of programming.

I/C supplies multiplexing systems to the power generating industry. Its UNIPLEX® System replaces the traditional hardwired approach to plant instrumentation control where a pair of wires carries one signal. Through time division multiplexing techniques (electronic switching) as many as 50,000 signals can be carried on a pair of wires. The system eliminates massive amounts of cable and generally costs less than traditional systems.

According to Ed Weideman, general manager, I/C Engineering, the addition of C&R's computer system to I/C's multiplexing system will give I/C a complete process control package. "We now anticipate an even greater impact on the data acquisition and controls market," he says.

During the upcoming months, I/C and C&R will be consolidating efforts in marketing and operations. C&R will report to Weideman.

C&R was founded in 1971. It has one plant in Dublin, Ohio, and employs about 25 people. At the end of 1979, sales totaled about $1.6 million and the company had a $2.3 million order backlog. C&R is expected to end 1980 with sales of $2.5 million. Combined sales for I/C and C&R in 1980 are expected to total between $9 and $10 million.

I/C was acquired by Anaconda in 1977. The company employs about 125 people and operates out of a 66,000-square-foot building in Marina del Rey. In the past I/C has provided multiplexing systems for the Valdez Marine Terminal in Alaska, the plutonium processing lab at Los Alamos Scientific Laboratory in New Mexico and the low density polyethylene facility of DuPont in Orange, Texas. I/C is currently under contract to supply equipment to nuclear power plants.

The acquisition of C&R, says Weideman, completes "the first step toward transforming I/C Engineering into a new company whose charter is to become a leader in the process control systems marketplace." He adds, "It's also representative of Anaconda's commitment toward its stated goal of becoming a major force in the fast growing electronics business." — *Adele Wolff*

Some people don't think he stands a chance, but John Anderson told a CAP group why he should be President. See story, page four.

Forum Letters, questions and answers, etc.

letters

Dear Editor:

A short article appeared in the June 13, 1980 issue of the *ArcoSpark* about four drivers receiving watches for 20 years' safe driving. This is a notable and significant accomplishment.

A more outstanding achievement has been attained by one of my drivers in Tonawanda, New York: Mike Coffey. Last January, Mike was honored with a 33-year consecutive record of accident free driving. This in Buffalo, New York, holder of the heaviest snowfall record, antiquated potholes-riddled expressways and old country roads. That is an achievement.

Mike has elected to retire August 1, 1980, just shy of completing his 34th consecutive year of accident free driving. I, as well as his peers here at Tonawanda, feel that Mike should enjoy some recognition in the Spark.

S.W. Kepler
Terminal Superintendent
Tonawanda, N.Y.

We agree, and here it is. Congratulations, Mike! — Ed.

Dear Editor:

Referring to the letter from George Hankinson (*ArcoSpark*, June 6, 1980) in which he says in part, "During my working years in Chile I knew of a number of cases in which Carabineros beat to death Chilean working men for minor offenses, because that was easier than taking them to the Judges office 12 miles away", while Mr. Hankinson may believe that this is true, I do not, and I most strongly disagree with his statement. I believe what he says is based on rumor or hearsay, not fact, and cannot be substantiated.

I have always had the greatest respect and admiration for the Carabineros de Chile, a National Police Force second to none in Latin America and highly respected worldwide.

Thirty years of my career as a mining engineer were spent in Chile, including 22 years at Chuquicamata. During that time I became very closely associated with the organization, especially with the personnel and the officers responsible for the direction of the Carabineros stationed at Chuquicamata. I was also well acquainted with General Huerta, Director General de la Carabineros de Chile during the time Frei was President, and Javier Provuste, General de la Zona Norte and Alfiro Munoz de la Fuente, a Major in Chuquicamata who later became Director of the Escuela de Carabineros de Chile in Santiago.

A close relationship at all times was maintained by Management and officials of the Chile Exploration Company with the Cuerpo de Carabineros stationed at Chuquicamata, and the officers responsible for their direction. Neither the company nor the officers responsible for the direction of the Carabineros de Chile would have permitted mistreatment and abuse of workmen who may have committed minor offenses, and certainly not in such a drastic and cruel manner described by George Hankinson.

I regret that I have had to write this letter, but I cannot let go unchallenged a statement which reflects upon the honor and the integrity of the Carabineros de Chile, who are dedicated to maintaining the law, order, peace and tranquility of their country.

Joseph C. Allen
Hemet, California

Retired? Check these two jobs

NEW YORK — Atlantic Richfield retirees may be interested in two assignments currently available through the International Executive Service Corps (IESC). IESC is an innovative partnership of U.S. business and government, designed to help the people of less developed countries speed their own economic development and improve the quality of their lives.

Both assignments are in Argentina and involve the drilling division of the state-owned oil company. One requirement is for an expert in the field of inventory control systems; the other is for a maintenance manager or drilling superintendent who has devised and supervised efficient maintenance practices.

IESC's volunteer advisors, both men and women, are selected for overseas assignments on the basis of career backgrounds best matched to the requirements of specific requests. Though advisors are not paid, all travel and living expenses for the advisor and spouse are paid for. Spouses are encouraged to accompany the advisor.

If you are interested in either of these two assignments, or if you would like additional information about IESC, promptly contact Mr. W.E. Hudson, vice president, employee relations, ARCO International Oil and Gas Company, 515 S. Flower St., Los Angeles, Calif. 90071.

doctor's bag

Question — *What is the best way to get rid of cellulite? Is there a special diet you would recommend?*

Answer — First, I would like to clarify the term "cellulite." It is not a medical or scientific word. It is, rather, a current fad or catch word to describe fatty deposits in certain areas of the body, particularly women's hips and thighs. There is nothing new about this material other than the number of entrepreneurs trying to make a profit on calling fat by another name and pushing some pretty bizarre methods for removing it.

My recommendations would include a routine examination by your usual health professional first. Sometimes, hormonal imbalance or other medical problems may be a fault. If the findings are normal, your best bet is a combination of diet and exercise. As I have mentioned before, a diet should be moderate, low in calories and include all basic food groups. Exercise should be begun slowly and with some supervision, and can be aimed at working on those troublesome spots.

Questions should be addressed to R.M. Schwartz, M.D., MPH Associate Corporate Medical Director, AP-48105

In the "Doctor's Bag" column that ran in the *ArcoSpark* on July 18, a typographical error caused the meaning of an entire concept to be changed. The new thrust of the medical department is to offer free voluntary health evaluations to most of the company's employees, not fee evaluations, as was printed. — Ed.

Boycott didn't stop athletes from trying

PHILADELPHIA — The *ArcoSpark* has followed the progress the past two years of Candy Young (daughter of ARCO Polymers' Beaver Valley, Pa. foreman John Young) in her drive to make the U.S. Olympic Team. The 18-year-old former world record holder in the hurdles did make the squad, finishing third in the recent 100-meter finals in Eugene, Ore.

But as it turns out, Candy isn't the only Olympic team member with close Atlantic Richfield ties. Charlene Morett, whose father, Chelmers, is an operator at the waste water treating plant at ARCO Petroleum Products' Philadelphia Refinery, is a member of the U.S. women's field hockey team. She is one of 16 players selected on her team in a sport which just made its Olympic debut.

Charlene, a 1979 graduate of Penn State and a former All-American, is an outstanding athlete who was good enough to also make a national lacrosse team. A forward, she's been a member of the field hockey team for two years and has played in England, Scotland, Wales, Ireland and Holland. At one game abroad, her father recalls proudly, more than 70,000 spectators were on hand.

Neither of the girls, of course, nor their parents, made it to Moscow this summer. The closest Charlene got was to Holland, where the team had been training, hoping to move on to Russia if the boycott had been lifted. Chelmers Morret says he didn't have much hope of getting to Moscow anyway, but *has* watched Charlene play as far away as Vancouver, Canada. His last big chance was at alternative games competitions at Franklin Field, Philadelphia.

ARCO Polmers' John Young, who had been looking forward to somehow seeing the sights of Moscow, will have to take a long rain check. He did say, however, that Candy recently brought home some exciting news.

"She said that my wife and I were invited to join her and other members of the team at dinner with President Carter at the White House on July 30." That invitation also included the Morett family, which had already made plans to attend. — *Gar McCar*

DOWNTOWN HAPPENING — On July 24 ARCO President Thornton Bradshaw announced an ARCO Foundation grant to support a new downtown art museum. At a brief ARCO tower ceremony, Bradshaw (wearing striped tie), museum president William Morris (at right), and a member of the local news media checked out an artist's rendering of the project. Below, sculptor DeWain Valentine, who has been active in helping plan the museum, poses with one of his works at the ARCO tower.

TFB paints downtown picture with grant for art museum

LOS ANGELES — ARCO tower's art-filled 51st floor reception room provides a through-the-clouds view of emerging downtown Los Angeles. And it was in this room that a small group of artists, businessmen and media people gathered July 24 to commemorate a $1 million ARCO Foundation pledge to the planned artist-oriented downtown Museum of Contemporary Art.

ARCO is the first downtown firm to support the museum, whose founders are trying to raise a $10 million endowment.

"It's exciting to look out the window and see the new downtown taking shape," said ARCO President Thornton Bradshaw. "It's the start of the country's newest and best downtown. Downtown will be a very exciting place over the next 15 years — and it obviously needs an art center."

Bradshaw added that "establishment of the museum will add another important dimension to the cultural and business life of downtown Los Angeles. As a citizen of the downtown community, we are pleased to be in a position to lend our support to this significant endeavor." The museum will be within walking distance for a few thousand ARCO employees.

Calling the museum a dream-come-true, museum president Judge William Norris praised ARCO's track record supporting the arts and the Los Angeles community.

Artist Robert Irwin, a founding trustee of the new museum, said that with such support the museum has the potential to become the most significant institution of its kind for collection of post-World War II art.

After the reception, the blue-jean and sport-coat clad Irwin, an internationally renowned Los Angeles-based sculptor, said that Los Angeles has the second largest art community in the world and that the new museum will be a focal point. Many local artists have already moved their studios downtown.

Earlier this year the museum founders asked ARCO to support their effort to raise the endowment for art acquisitions. Two other $1 million pledges have been made. The ARCO contribution will go strictly toward the acquisition of art. Several prominent local collectors have pledged large art donations to the museum.

Museum construction is expected to begin in 1981, and the museum should be completed in time for the 1984 Summer Olympics in Los Angeles. — *Bill Stephens*

Anderson's energy views not high on audience's question list

by Shel Hofiz
assistant editor

LOS ANGELES — It was a little surprising, but it didn't seem to bother independent presidential candidate John Anderson that the capacity crowd of 350 Atlantic Richfield employees gathered to hear him speak on July 24 didn't want to talk about energy.

Anderson had finished delivering a 20-minute speech on energy to ARCO employees from two Los Angeles office buildings — Wilshire-Tishman and Wilshire-Mariposa — sponsored by the area Civic Action Program committees. When Bob Cardwell, chairman of the Wilshire-Tishman CAP Area Committee, threw the session open to questions, plenty of hands went up, but nobody had energy on their minds.

There was, for example, Yolanda Acevedo, an ARCO employee with raw material supply accounting in the Wilshire-Tishman building. A Cuban refugee of some 20 years ago, she and Anderson exchanged words over which is worse for the people of Latin America — the right wing, as Anderson believes, or left wing regimes, as Acevedo sees it. Anderson was also asked about his choice for a running mate, about his involvement with the Tri-Lateral Commission, about his military policies, and about his plans for world peace.

Still, the candidate was able to get his energy message across to the audience, which included local and national media and several secret service agents. And that message was that the energy situation means a lot more than long gas lines and higher prices. "We face a more profound and serious threat to our national well-being, indeed to our national security, if we continue to allow ourselves to be tied to foreign oil," he said.

Severing those ties won't be an easy task, Anderson said. Even if we could, U.S. allies would still be dependent. The world political outlook, he said, is likely to be dangerous and hostile. Self, he claimed, "there are measures we can take — now — to stabilize the world energy situation and increase our own national security."

'There are measures we can take—now—to stabilize the world energy situation'

The two main elements to stabilizing the situation under Anderson's philosophy are conservation and coal. Conservation, he explained, is the only realistic solution for the near and mid-term, since revolutionary energy technologies are too far off to be considered.

"Any discussion of conservation must begin with the transportation sector, which presently accounts for one-fourth of our energy consumption," he said. Anderson reiterated his belief in the need for a high gasoline tax, but added that that is only one example of the approaches needed to reduce U.S. dependence on foreign oil. "A conscious policy by the government to raise energy costs of transportation creates an attendant obligation to provide people with inexpensive and more energy-efficient alternatives," he said, explaining that he is preparing a comprehensive community transportation policy for release in the next few weeks.

Savings must also be accrued from residential and commercial buildings, Anderson said, which consume one-third of the nation's energy. The candidate proposed energy retrofits to reduce consumption by as much as 25 percent, as well as implementation of new increases in residential and commercial tax credits.

In the industrial sector, Anderson said, "adoption of liberalized depreciation allowances, especially for capital equipment, has become a crucial aspect of our energy policy as well as our economic policy." He added that a vast number of regulatory and institutional impediments to industry must be removed as well, and decontrol must continue.

America will have to also rely, Anderson claimed, upon the extended use of coal, its most abundant energy resource. He said the nation will also have to resolve several of the attendant problems with coal, including environmental and transportation obstacles. "As for the long run, and that means the decade of the 1990s and into the 21st century, we must look toward a rapid expansion in the use and development of our renewable resources," Anderson said, listing direct solar, geothermal, wind and ocean power, alcohol fuels and bio-mass. "In other areas, however, federal policies must provide assistance to ensure development and speed commercialization."

To aid this process, Anderson said he has proposed expanding the investment tax credit to include expenditures for research and development. "And I have proposed a greater support level for research funded by the Department of Energy."

Anderson added that he does not approve of Republican presidential candidate Ronald Reagan's plan for entirely dismantling the DOE. "It's true, you could lop off 1500 heads from the DOE and nobody would miss them. But you don't have to throw the baby out with the bathwater. There are things the DOE could be accomplishing. All it needs is realigning."

Persistence pays for Cardwell

LOS ANGELES — The Civic Action Program (CAP) has had some impressive speakers in the past. Thanks to Bob Cardwell, chairman of the Wilshire-Tishman CAP Area Committee, independent presidential candidate John Anderson now heads that list. Getting the Illinois Republican, though, wasn't easy.

"When I first called to invite Mr. Anderson to come speak to CAP, they really weren't very interested. They wanted us to come to Beverly Hills or somewhere and join in with a bunch of other organizations to form one huge crowd."

Cardwell wanted his group to hear Anderson, but he knew it would have to be on CAP's terms. "These people only have an hour for lunch, and they don't want to travel a long way for a short speech. They also would want it to be a local show.

Cardwell didn't give up, though. He followed his phone call with a letter, extolling the virtues of CAP. "That was all I had," he says. "I couldn't pay an honorarium or expenses. All I could do was push the fact that CAP is a group of truly interested and active employees working on a grass-roots level in an effort to become involved in the political process because they want to."

The letter was followed by more phone calls — one about every three or four weeks. Finally, Cardwell's persistence paid off, and Anderson agreed to speak at 1:30 p.m. on July 24. "Presidential campaigns being what they are, we thought it might be a good idea to hold off printing the flyer," Cardwell says. But then Cardwell was scheduled to take a vacation, and he didn't want to leave without the information about the speech distributed to his membership. The flyer was printed. Then Anderson cancelled.

Cardwell continued calling Anderson's local headquarters, until finally, on a Sunday afternoon, Cardwell's son came outside to tell him John Anderson's office had just called, and the speech was on again, for noon on July 24.

Following the engagement, Cardwell says Anderson agreed with him regarding the enthusiasm of the 350 CAP members assembled for the energy-related speech. "He said there were virtues to having a small crowd that listens, is attentive, and asks intelligent questions at the end." — *Shel Hofiz*

ArcoFacts

Atlantic Richfield/Anaconda

Vol. 4, No. 6/Aug. 1, 1980

June anniversaries

ARCO CHEMICAL

Headquarters

30 years—Francis J. Weiss and Gloria E. Ruey, Philadelphia.
30 years—John S. Rupp, Philadelphia.
25 years—Louise P. Liebel, Philadelphia; Jorge L. Faz, Spain.
20 years—John Hafner and Richard L. Indiveri, Philadelphia.

Research & Development

40 years—Gerald C. Hill, Newton Square, Pa.
35 years—Graham R. Bacon, Port Arthur, Tex.

ARCO Polymers

40 years—John A. Vetter, Monaca, Pa.
30 years—Jeannette A. Johns, Monaca.
25 years—Wallace G. Frazier, Port Arthur; J. W. Parker Jr., Deerpark; H. Robert Fairbaugh, Philadelphia.
20 years—Ronald A. Johnson, Monaca; Sandra F. Judice, Port Arthur; Harold E. Birr, Philadelphia

ARCO INTERNATIONAL OIL AND GAS

Headquarters

35 years—Marvin J. Hagen Jr., James W. Willingham Jr., Edward F. Garcia, Stuart T. Watson, Los Angeles.

Overseas

25 years—Gerald Flatt, United Kingdom.

ARCO OIL AND GAS

Headquarters

30 years—Owen C. Ellis, Plano, Tex.; John M. Sweet, Dallas.
25 years—John T. Purcell and Anthony V. Mesrenco, Dallas.
20 years—Clorval A. Cook, Dallas.

Research & Engineering

35 years—Eugene F. Harbeck, Dallas.
25 years—James E. Nabors, Bakersfield.
20 years—Charles A. Wilson, Dallas.

Eastern Region

30 years—Herman R. Johns, Longview, Tex.
25 years—Marcus L. Norvell Jr., Houston.

Western Region

40 years—Frank T. Lloyd, Bakersfield
35 years—Ethel C. Smith, Covington, Okla.; Burel T. McBrien, New Cuyama.
30 years—Robert J. Lamm, Midland, Tex.; Mary Pauly, Bakersfield; Daniel V. McCrory, Gainesville.
25 years—Robert V. Doty, Gillette, Wyo.; Samuel P. Hardy, Long Beach; Donald R. Wilcox and Jay R. Thompson, Gainesville, Tex.; Leslie S. Fisher, Tulsa; Charles E. Dennis, Menahana, Tex.

ARCO PETROLEUM PRODUCTS

Planning & Control

30 years—David L. Greer, Atlanta; Paul J. Shaffer, Los Angeles.
25 years—Richard H. Deifert and Eugene W. Clark, Los Angeles.

Employee Relations

30 years—John P. Greene, Los Angeles.

Marketing

40 years—Hardin Cox, Virginia; Robert E. Glendening and James J. Conway Jr., Los Angeles; John A. Storm, Dallas.
30 years—John T. Maliska, Wilmington, Del.; James N. Vagler, Philadelphia; Richard B. Szymborski, De Witt, N.Y.; Donald R. Cline, Washington; William H. Keister, Harold E. Weaver and Stanley A. Lawry Jr., Los Angeles.
25 years—Lorain K. Thompson, Dallas; James A. Hoffman, Seattle; Harry T. Moorefield, Tigard, Ore.; Donald H. Green, Pittsburgh.
20 years—Dale C. Vass, Tigard, Ore.

Cherry Point Refinery

35 years—John J. O'Connor, Ferndale.

Houston Refinery

30 years—Frank Kubin, William A. McGinty, Shallie R. Fortion, Johnny W. Spaniel and Leslie L. Parker.
25 years—Ray K. McIntosh, Wendell J. Knox Jr. and Billy L. Simons.

Philadelphia Refinery

40 years—John O'Donnell.
30 years—William Miller Jr., Edward Jenkins, Joseph J. Wenke, William E. Reil and Joseph P. Nicolino.
30 years—Frederick H. Snyder.
20 years—Alexander E. McClain Jr.

Watson Refinery

40 years—Emmett B. Asmus.
35 years—Frederick L. Collie.
30 years—James A. Lambert and David L. Jordan.

Quality Administration

35 years—Grover Willis, Houston.
30 years—Howard J. Matson, Harvey, Ill.

Research & Engineering

30 years—Maurice K. Raudch, Harvey, Ill.

CORPORATE

Financing & Tax

30 years—John S. Mallery, Denver.

Planning

35 years—Donald L. Hanekamp, Los Angeles.

Corporate Services

35 years—C. R. West, Los Angeles; Manuel Miranda, Santa Barbara.

(Continued next page)

1980 Atlantic Richfield Thrift Plan Information

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
ARCO common (average cost)	$60.07	$60.09	$67.71	$64.12	$ 69.74	$68.19						
Sun, Rae & Pantian (average cost)	$13.31	$13.60	$14.46	$13.20	$ 13.05	$13.80						
Unsegregated Fund (annual interest rate)	14%	15%	16%	19%	17%	12%						

The Plan purchases full and/or fractional shares in a particular with the money that has accumulated in a member's account for this purpose in the preceding month. The member's account is charged with the average cost to the Plan of all purchases made during the month in which the purchase for the member's account is made.

Earnings from investments in the Unsegregated Fund are distributed on a pro-rata basis to the accounts of members who have a fund balance as of the last day of a calendar month. Accounts are credited with an amount equal to one month's earnings at the annual rate shown.

Employee Relations

30 years—Joseph A. Barnes Jr., Los Angeles.
30 years—Richard L. Bittner, Denver.

Public Affairs

30 years—William M. Marcussen and Robert R. Reyes, Los Angeles.

Other

35 years—Alfred C. Grosse, Dallas.
30 years—Helen M. Bernenberg, Los Angeles.

ARCO TRANSPORTATION

Headquarters

30 years—Robert H. King, Los Angeles.
30 years—Robert E. Murray, Los Angeles.

Four Corners Pipeline

30 years—Robert L. French, Long Beach.
25 years—James R. Gearing, Long Beach.

ARCO Pipeline Company

30 years—Buford J. Murray, Arp, Tex.; Robert C. Bucher, Sinking Spring, Pa.
25 years—Edward L. Naylor, Ft. Mifflin, Pa.; Harvey L. Lewis and Lewis L. Moore, Independence, Kan.

ANACONDA INDUSTRIES

Anaconda Aluminum

30 years—Ernest Balsley, Louisville.
25 years—Peter Stipanuk, Terre Haute; Richard Van Horne, Louisville.
20 years—John McKamey, Terre Haute.

Anaconda Brass

40 years—Raymond Donnelly, Waterbury, Conn.; Joseph J. Janowski, Detroit.
35 years—George Bergin, John Gizzi, Roland Palomba, Waterbury; Clarence Bingham, Vernon Gleason, Kenosha.
25 years—Orrin Fritz, Michael Galullo Jr., Waterbury; Anthony Wunsek, Kenosha.

ANACONDA COPPER

40 years—Patrick A. Lasney and Gerald J. Rogers, Butte; Lloyd A. Stanish, Great Falls.
35 years—Robert DalPorto and William F. Peoples Jr., Butte; Arvid Johnson and Svend Wind, Anaconda.
30 years—John Bailey and William B. Pearce Jr., Butte; Walter J. Gertnoe, Denver; Clifford J. Cunningham, Clarence K. Shandorf, Aaron T. Johnson and Earl J. Weber, Anaconda.
25 years—John J. Antonovich, Gordon J. Hohnbaum, Frederick R. Sherwood and Walter A. Stroup, Butte; William J. Mahoney and Douglas E. Tintinger, Great Falls; Lawrence E. Campbell, John R. Crowley and Bess Vance, Denver; Delton H. Micklethorry and Roy L. Webster, Anaconda.
20 years—Norman G. Clements, Donald L. Flink and Lewis M. Hedrich, Butte; Wayne A. Jones, James M. LaValley, Jay M. Patton, David F. Davis, Lee N. Rolling, Carl F. Ojs, Roland W. Bryson, John S.Ehnes, William D. Johnson and George D. Hilpert, Great Falls.

Retirements

California

Dorothy J. Crayzer (37), Gustav C. Tenn (33), Christine L. Jovanovic (21; and Bert R. Fessler (16), Los Angeles; John J. Buckley Jr. (33), New Cuyama; Philip E. Whitlock (27), Bakersfield.

Colorado

Irene L. Bayless (28), Denver; Lloyd R. Short (27).

Connecticut

George Otear (40), Michael Rogniskowicz (42), Andrew Sisak (41), Edward J. Petrusik (40), and Stephen A. Puro (40), Ansonia; Lloyd O'Dell (25), Waterbury.

Florida

Rafael Gonzalez (21), Miami.

Kentucky

Cleve C. Stribling (35), August E. Schroeder (32) and John C. Keerne (28), Louisville.

Louisiana

Dallas T. Melton (36), Lafayette.

Michigan

Harshal Humphrey (46), Detroit.

Montana

Robert A. Anderson (28), Columbia Falls; Charles Gleason (23) and Flora Everett (13), Anaconda; Ray Compana (41), James L. Pridmore (19) and William T. Roberts (10), Butte; J. Ray MacRae (43), Archie R. Johnson (26), Tony Garcia (32), Howard A. Christiansen (32), Olav S. Royland (30), Laurence E. Elness (30), Cleveland O. Dillman (30), James T. Holmlund (21), Norman E. Woodruff (16) and Marvin E. Kuiper (15), Great Falls.

New Mexico

Charlie O. Sandoval (26) and Pickette A. Garcia (10), Grants.

Ohio

Laura B. Steinger (33), Sugarcreek.

Oklahoma

William J. Bagley (31), Drumright.

Pennsylvania

John A. Clash (38), Monaca; Ralph M. Mike (28), Sinking Spring; Irene H. Christmas (26), Monroeville; Charles R. Smith (46), Francis L. Brance (43), James J. Lynn (39), James F. Steele (37), Robert A. McLaughlin (35), Moses L. Ross (34), Wilmot E. Boyd (32) and William H. Curry (32), Philadelphia.

Texas

Leonard E. Vandewar (40), Cushing; Gordon T. Lusley Jr. (41), Tyler; Daniel H. Hastlow (33), Deerparks; Thomas B. Hunn (29), Odessa; William H. Jameson (29), Plano; Iris E. Beaty (19), Dassette; Carlos R. Galvez (14), Dallas; William P. White (33) and Norma J. McCollum (30), Midland; Albert B. Alleman (28) and Charles M. Johnson (24), Port Arthur; Otis L. Cornelius (38), James H. Scaworth (26), William C. Taylor (34) and Allen A. Ivory (30) Houston.

Wisconsin

Herbert R. Adams (43), Albert G. Wanela (30) and Joseph E. Burnet (18), Kenosha.

Wyoming

Norma R. Moon (30), Casper.

Obituaries

Current Employees

JOHNSON, Dan G., 51, Humboldt, Kan., 33 years, died April 30.

KATZ, Isador E., 59, Philadelphia, 31 years, died May 13.

KNAVER, Adun O., 57, Carson, Calif., 29 years, died April 24.

MCALISTER, States L., 59, Channelview, Tex., 24 years, died May 27.

RILEY, Andrew F., 67, Grants, N.M., 19 years, died May 13.

ROGERS, Kenneth F., 62, Carson, Calif., 33 years, died May 4.

SHELLING, John O., Atlanta, Ga., 50 years, maintenance area foreman.

WANKE, Chris G., 56, Butte, Mont., 14 years, died May 11.

WEINHEIMER, Roy, 33, Syracuse, N.Y., 29 years, died April 19.

Retirees

ALLEN, Margaret, 84, Philadelphia, cont, died April 10.

aps
Atlantic Richfield Placement System
Vol. 6, No. 30
August 1, 1980

"The Salary Policy of Atlantic Richfield Company is to pay equitably for services rendered while providing appropriate control of overall salary costs. To comply with this policy different salary ranges may be appropriate for similar jobs among the Atlantic Richfield operating companies. The pay ranges for individual operating companies are designed to be reflective of the rates of pay within their competing industries."

Instructions:

1. If you are interested in a job listed below, you should submit a "Job Opportunity Form" to Internal Professional Placement, Los Angeles. These forms are available from your Employee Relations Representative.

2. Job information is listed in the following order: job title, number of vacancies, department, company, location, date job to be filled (if not immediately open), principal duties, requirements, APS job number and salary range.

3. Applicants will receive a postcard from Internal Professional Placement in return mail at their residence verifying receipt of their Job Opportunity Form. If you wish a postcard sent to your work location instead of your residence, please indicate on your Job Opportunity Form.

4. To expedite the handling of applications – or Job Opportunity Forms – employees should add Room 4878, ARCO tower, to the pre-printed address on the front of the form. Applicants also are encouraged to submit a short, factual, personal resume attached to the Job Opportunity Form.

5. Appearing at the end of each job listing is particulars is the name and location of the Employee Relations Representative handling that particular job opening. You may contact that individual if you need additional information on the listing or if there has been undue delay in learning of the status of your job application.

An Equal Opportunity Employer (M/F)

DEADLINE: August 17, 1980

administrative

Executive Secretary; Alaska Natural Gas Transportation System; Corporate; Los Angeles.

Provides full range of administrative and secretarial services to the Vice President, Alaska Natural Gas Transportation System. Duties include handling office administration during absence of Vice President and involvement with confidential and diverse projects.

☐ Requires excellent secretarial skills and ability to handle confidential and diverse projects on own initiative. Familiarity with company organization and procedures necessary. Must possess good communication and interpersonal skills. ☐ **APS Job No. BA-S-589** ☐ **Salary Range** (15,574-26,380)
(Mary Lou Diedler, Los Angeles)

Operational Accountant; Accounting; Anaconda Copper Company; New Mexico Operations; Grants, NM.

Responsible for coordinating budget preparation for the milling operation. Assist department managers in budget preparation and associated analysis. Performs cost analysis on a monthly basis, actual vs. budget, plus special analysis as required.

☐ Degree in accounting or equivalent. Experience in budgeting and related cost analysis desirable. Strong analytical and interpersonal skills desired. ☐ **APS Job No. BB-T-537** ☐ **Salary Range** (15,574-26,380), (17,023-28,834), (21,362-34,540) — based upon qualifications and experience of individual selected. An external candidate search will also be conducted.
(Carol Bullock, Denver)

Production Supervisor; Manufacturing; Anaconda Aluminum Company; Terre Haute, Ind.

Supervises, organizes, directs, motivates and coordinates the use of personnel, material, and equipment in order to increase production, insure quality and safety and to meet schedules in a timely manner.

☐ Minimum two years' supervisory experience in manufacturing facility. Excellent communications skills — oral and written. Mechanical aptitude necessary. ☐ **APS Job No. CA-O-641** ☐ **Salary Range** (18,586-27,876).
(Bill Stubbs, Louisville)

Foreman, Pipe Yard; Engineering/Material and Transportation; ARCO Oil and Gas Company; Houston Pipe Yard, Dallas.

Supervises heavy equipment operators, contract laborers, and provides work guidance to contract truckers performing tubular goods and material handling activities for the Atlantic Richfield Oil and Gas Company Intrastate Pipe Yard. Participates in the selections, appraisal, discipline and other personnel functions for the hourly and contract personnel at the ARCO Oil and Gas Company Intrastate Pipe Yard. Coordinates with Dallas Material for the release of tubular goods goods to be delivered at various district yards and drilling activities.

☐ Minimum of five years' experience in pipe yard operations, including storage planning, personnel supervision, and maintenance of heavy equipment, rack, roads, building, etc. ☐ **APS Job No. DA-D-595** ☐ **Salary Range** (19,509-31,544), (21,362-34,540) — based upon qualifications and experience of individual selected.
(Ron Milam, Dallas)

Property Accountant; Administration and Control; Four Corners Pipe Line Company; Long Beach.

Responsible for review and analysis of all investment records which form the rate base for regulatory purposes. Directs the preparation of the annual valuation report, property tax returns, and other investment-related reports. Monitors, analyzes and reports capital program expenditures, providing latest estimate and other related data. Directs the preparation of account analysis for investment and other balance sheet accounts.

☐ Degree in accounting or business administration and three years' experience in related field preferred. Experience with regulated pipeline company beneficial. Ability to communicate effectively. ☐ **APS Job No. BB-G-536** ☐ **Salary Range** (21,362-34,540).
(George Grossman, Long Beach)

Material Associate; Engineering/Material and Transportation; ARCO Oil and Gas Company; Dallas.

Responsible for direct communication with various district operations and material departments to forecast, provide, allocate, and implement delivery of drilling tubular. Advise district and Dallas management of standardization and/or substitution needs as well as shortages that are developing in tubular requirements. Development and analysis of computer systems associated with tubular design, provisioning, warehousing, allocation and cost control processes. Negotiate and document inspection results with mills and vendors to secure credit or replace of tubular products.

☐ Degree in technical discipline or business administration. Equivalent work experience will be acceptable with preferred experience in tubular design. ☐ **APS Job No. BG-D-646** ☐ **Salary Range** (21,362-34,540).
(Ron Milam, Dallas)

Quality Assurance Inspector; Engineering/Material and Transportation; Houston Pipe Yard, Dallas.

Principal duties are to assure compliance with specifications for tubular goods and other materials purchased for ARCO Oil and Gas Company; pipe yard stock. Reviews inspection reports and rejects, as necessary, all materials not fully satisfactory for designed use. Negotiates with steel mills, truckers, and service representatives to recover optimum credits for reject materials or defective services. Obtains technical data and assembles statistics to assist management review of failures.

☐ Engineering degree with at least one year inspection work, or extensive knowledge with at least five years' experience in tubular inspection/quality control procedures. ☐ **APS Job No. DA-D-684** ☐ **Salary Range** (21,362-34,540), (23,412-37,857) — based upon qualifications and experience of individual selected.
(Ron Milam, Dallas)

Inventory and Billing Control Specialist; Accounting; Stamford, Conn.

Responsible for maintaining control of the ownership and location of the Anaconda Copper Company's refined copper, silver, gold and molybdenum inventories, as well as tool or exchange transactions, and for related invoicing, so that sales are stated correctly and metals positions properly represented. Prepares appropriate inventory and invoice work sheets, inventory balance sheets, and related inventory journal entries which document all metal movements.

☐ Degree in accounting or equivalent experience, including a minimum of four years' experience in metallurgical accounting and metal flow. Good knowledge of company operations, metal pricing and metal contract interpretation required. Good interpersonal skills and supervisory experience desirable. ☐ **APS Job No. BB-T-538** ☐ Salary Range (23,412-37,857). An external candidate search will also be conducted.
(Carol Bullock, Denver)

Staff Accountant; P&C — Coal — ARCO Coal Company; Denver.

Handles special requests for financial/operational data required by Coal operating/financial management. Provides technical accounting support to Denver and field personnel. Develops and maintains working familiarity with all Coal accounting activities and practices. Participates in the development and implementation of Coal reporting systems.

☐ Degree in accounting or equivalent education and experience. Three or more years' experience in diversified accounting situations. Good communication ability and experience with accounting systems and/or MARK IV computer language highly desirable. ☐ **APS Job No. BB-J-539** ☐ Salary Range (21,362-34,540), (25,684-41,529) — based upon qualifications and experience of individual selected. An external candidate search will also be conducted.
(Charlene Mailheiler, Denver)

Surplus Coordinator; Engineering/Material and Transportation; ARCO Oil and Gas Company; Dallas.

Develops and implements the surplus equipment programs of ARCO Oil and Gas. Consults with Dallas and district management to develop surplus equipment lists and necessary preservation needs until equipment is returned to active use. Recommends repair procedures and negotiates transfer pricing of surplus items of surface equipment. Administers wellhead removal and reuse program with contract vendor. Predicts equipment shortages due to industry demands and manufacturer capacity. Development and analysis of systems designed to facilitate use of surplus and idle equipment.

☐ Engineering degree with at least four years in equipment application and design, or ten years' experience in operation and maintenance of industry equipment. ☐ **APS Job No. DA-D-600** ☐ Salary Range (23,412-37,857), (25,684-41,529) — based upon qualifications and experience of individual selected.
(Ron Milam, Dallas)

Buyer; Purchasing; ARCO Oil and Gas Company; Dallas.

Buys technical materials and equipment for the production of oil and gas wells. Works closely with engineering and operating departments to seek new sources of supply, plan needs, and devise purchasing strategies to achieve desired results. Negotiates with suppliers, issues purchase orders, sees to successful completion of purchases.

☐ Degree in engineering or equivalent experience. Four to five years' experience in engineering or the design and operation of field facilities for the production of oil and gas. Should have ability to work with groups both inside and outside of company. ☐ **APS Job No. DA-D-596** ☐ Salary Range (23,412-37,857), (25,684-41,529) — based upon qualifications and experience of individual selected.
(Randy Carothers, Dallas)

Senior Systems Analyst; Corporate Systems; Control and Audit; Corporate; Los Angeles.

Performs analysis and programming to design and maintain on-line business systems. Assists users in defining requirements. Prepares and maintains documentation. Assignments primarily support accounting and treasury departments, with heavy user interface.

☐ Technical or business degree and familiarity with accounting procedures. Recent experience with a commercial timesharing network desirable. Three or more years' programming and analysis experience. Proficiency in BASIC and/or FORTRAN in an interactive environment required. Good oral and written communications skills. ☐ **APS Job No. BB-B-534** ☐ Salary Range (23,412-37,857), (25,684-41,529) — based upon qualifications and experience of individual selected.
(Don Jones, Los Angeles)

Equal Opportunity Affairs Advisor; Employee Relations; ARCO Ventures Company; Los Angeles.

Responsible for the development, implementation, coordination and administration of ARCO Ventures Company's equal opportunity program. Coordinates the annual development and implementation of individual Affirmative Action Plans for work locations within ARCO Ventures Company. Meets and counsels with all levels of company management in regard to equal opportunity matters including interpreting and explaining new laws, regulations and/or programs, related follow-ups, and presenting the company's and corporation's philosophy on equal opportunity affairs.

☐ Degree or equivalent, prefer two years' prior equal opportunity affairs experience. Excellent oral and written communication skills. Moderate to heavy travel. ☐ **APS Job No. HA-V-445** ☐ Salary Range (23,412-37,857), (28,202-45,598) — based upon qualifications and experience of individual selected.
(Phil Silcox, Los Angeles)

Senior Analyst, Internal Control; Planning and Control; ARCO Transportation Company; Los Angeles.

Investigates and documents existing systems of internal controls and accounting policies; develops and recommends improvements. In coordination with other Transportation Company managers, assists in implementing internal control systems including new business activities and those involving compliance with the Foreign Corrupt Practices Act. Participates in monitoring compliance with all company internal control systems and accounting policies.

☐ Degree in accounting, business administration or equivalent work experience and educational background. Familiarity with SEC and FERC reporting requirements. Requires knowledge of financial and operating control concepts and practices. ☐ **APS Job No. BB-G-535** ☐ Salary Range (23,412-37,857), (28,202-45,598) — based upon qualifications and experience of individual selected.
(Tom Judkins, Los Angeles)

Accountant, Senior OR; Controller's/A&R/Revenue; ARCO Oil and Gas Company; Dallas.

Directs the activities of sub-unit responsible for transactional and reference data input to assigned accounting systems for assigned districts. Provides technical support and work guidance to unit members and other oil accounting units.

☐ Degree in accounting or equivalent experience. Four to five years' oil industry accounting experience. ☐ **APS Job No. BB-D-540** ☐ Salary Range (23,412-41,529).
(Randy Carothers, Dallas)

Advisor, Labor Relations; Employee Relations; ARCO Polymers, Inc.; Port Arthur, Tex.

Provides labor relations support for Port Arthur Plant. Key responsibilities include interpretive services for labor contracts, policies, practices and matters involving employee discipline, investigating and preparing recommended responses to union complaints, requests, grievances and employee discipline; participating in contract negotiations.

☐ Degree or equivalent experience, preferably in personnel-related discipline. Three to five years' experience in positions affording knowledge of policies, procedures, or governmental regulations applicable to grievances and arbitrations, contract negotiations, etc. Must possess excellent written and verbal communication skills. ☐ **APS Job No. HA-A-444** ☐ Salary Range (34,804-58,740), (29,848-46,592) — based upon qualifications and experience of individual selected.
(Mike Hale, Port Arthur)

Regional Accounts Manager; Sales; Russell Aluminum; Anaconda Aluminum Company; Louisville.

To sell the extruded output of the Miami and Meridian extruding and finishing operations. Responsible for management of assigned accounts and territory, and the implementation of established sales volume and territory objectives. These objectives will be an integrated part of the total Russell Aluminum sales and marketing plan.

☐ Degree or equivalent with two years or more sales experience, preferably in aluminum. Must be a sales-oriented individual, capable of establishing strong customer relationships, motivating people and working with superiors in planning the control of forecasts and inventories. Should be skilled in people-to-people contacts, making sales presentations and basic extrusion practices. Must be willing to travel. ☐ **APS Job No. G-O-549** ☐ Salary Range (25,127-37,691).
(Bill Stubbs, Louisville)

Maintenance Superintendent; Engineering; Russell Aluminum; Anaconda Aluminum Company; Miami.

Manage the maintenance function, establish and implement effective programs and controls, ensure that the maintenance department is staffed with qualified personnel, set up training programs.

☐ Minimum of five years' experience in general maintenance foreman, covering all crafts. Knowledge of combustion systems, gas and oil. Engineering degree or equivalent. Must be an administrator and possess the technical ability to trouble shoot electrical, hydraulic and mechanical equipment. Supervisory ability. ☐ APS Job No. CC-O-676 ☐ Salary Range (26,437-39,603).
(Bill Stubbs, Louisville)

Storage Management Manager; Data Processing Network; D/P Operations; ARCO Petroleum Products Company; Los Angeles.

Responsible for data storage media (magnetic tape, disk, MSS) supporting the Los Angeles Data Center computing facilities. Establishes and enforces standards relating to storage selection, allocation, retention and migration. Insures that various storage media are available by utilizing measurement and planning techniques. Provides technical assistance support for the selection, development and installation of storage-related software and hardware.

☐ Degree or equivalent experience in computer science/business administration. Five years of computer-related experience, including data processing management. Requires good analytical and communication skills. An external search will be conducted. ☐ APS Job No. BA-F-686 ☐ Salary Range (30,984-50,112).
(Carolyn Young, Los Angeles)

Coordinator, Planning; Crude Oil Strategic Planning; ARCO Petroleum Products Company; Los Angeles.

Coordinates long-range planning activities for crude supply. Develops forecasts of ARCO and industry crude times and price differentials. Develops and updates the company volumetric plan. Initiates and coordinates studies of major volumetric opportunities, working closely with other departments and ARCO companies. Evaluates supply aspects of capital proposals. Maintains close surveillance of volumetric, economic, regulatory developments which may impact ARCO/industry supply/demand balances.

☐ Technical background plus MBA desirable. Must have strong problem-solving orientation, ability to function in unstructured environment, and excellent communication and interpersonal skills. Five or more years' experience in refining, crude supply, transportation or related planning experience. ☐ APS Job No. BG-I-443 ☐ Salary Range (30,984-50,112).
(Ed Smith, Los Angeles)

Manager—Budgets, Control and Analysis; Corporate Accounting; Corporate; Los Angeles.

Manages the Corporate sector's budget and forecast process together with providing the primary analytical resource for evaluating financial issues and internal control.

☐ Degree, preferably Master's degree. CPA useful with a minimum of five years' experience in an analytical environment. Excellent communication skills are required. ☐ APS Job No. BB-B-533 ☐ Salary Range (34,093-55,125).
(Don Jones, Los Angeles)

Coordinator, Acquisition Strategies; Crude Oil Strategic Planning; ARCO Petroleum Products Company; Los Angeles.

Coordinates the development of strategies and opportunities for acquisition of domestic and foreign crude oil. Evaluates various acquisition opportunities from the economic as well as political standpoint. Leads multi-discipline ARCO Task Force efforts to implement specific projects.

☐ Technical background plus MBA desirable. Must have strong problem-solving orientation, ability to function in unstructured environment, and excellent communication and interpersonal skills. Five or more years' experience in refining, crude supply, transportation or related planning experience. ☐ APS Job No. BG-I-444 ☐ Salary Range (34,093-55,125).
(Ed Smith, Los Angeles)

Advisor, Long-Range Plan; Planning; ARCO International Oil and Gas Company; Los Angeles.

Plans, organizes, coordinates and directs International Company's long-range planning activities. Advises and assists in defining the basic scope and long-term goals, strategies and programs relating to the International Company's role with corporate objectives. Serves in an advisory capacity coordinating resolution of analytic problems and matters involving interpretation or extension of International Company strategies and programs. Participates in the Corporate planning process in special studies and analysis. Oversees development and completion of International Company environmental forecasting. Administers the International Company's long-range planning process.

☐ Degree in economics/finance or engineering. Advanced degree in business administration or finance desirable. Seven or more years' experience in petroleum or resource-related work required. Evaluation experience highly desirable. ☐ APS Job No. BE-C-281 ☐ Salary Range (34,093-55,125), (37,536-60,691) — based upon qualifications and experience of individual selected.
(Larry Gator, Los Angeles)

Manager, Evaluation and Long-Range Projects; ARCO Intermediates/Manufacturing; ARCO Chemical Company; Philadelphia.

Responsible for economic evaluations needed to assess the various courses of action Intermediates should follow to ensure maximum profitability from current marketing and supply opportunities. Also responsible for identifying, analyzing and coordinating short- and long-term strategies that affect the future profitability of ARCO Intermediates.

☐ Degree in chemical engineering with MBA or equivalent. Eight or more years' experience in petrochemicals/refining areas with emphasis on operations and project evaluation and planning. ☐ APS Job No. DA-A-099 ☐ Salary Range (39,738-62,888).
(Mary Holmes, Philadelphia)

Senior Consultant; Environmental Services; Corporate Technology; Corporate; Los Angeles.

Specializes in the environmental area of solid wastes and related activities. As corporate member on Environmental Review teams, provides coordination and continuity for this activity. Organizes and conducts regional environmental meetings to promote the exchange of information between the diverse operations within Atlantic Richfield. Prepares summaries and guidelines which focus on emerging environmental regulations and areas of concern. Responds to operating company requests for consulting services. Develops and maintains external contacts with regulatory agencies and other organizations on technical issues. Reports to manager, environmental services.

☐ Degree in engineering or other technical fields, with eight to ten years' experience, including operating company experience. Working knowledge of environmental issues desirable. Strong interpersonal and communication skills required. ☐ APS Job No. BC-S-643 ☐ Salary Range (41,365-66,583).
(Mary Lou Dierker, Los Angeles)

technical

Mine Engineer; Engineering; Anaconda Copper Company; Carr Fork, Tooele, Utah.

Personnel in this entry-level position for recent mine engineering graduates will be required to do a variety of work, including inspection of underground construction projects for quality control, time studies of men and equipment for improving productivity and designs for underground systems. Temporary assignment to the mine department for training may also be required.

☐ Degree in mine engineering and a professional interest in underground, hard rock mining. ☐ APS Job No. DA-T-681 ☐ Salary Range (17,023-28,834).
(Phil Maynard, Tooele)

Production Engineer; Engineering; Anaconda Copper Company; Carr Fork, Tooele, Utah.

Prepare daily and weekly production and development schedules for underground mining operation. Reconciles planned production with actual production for mine and concentrator.

☐ Degree in mine engineering with a minimum of two years' experience in underground mine operations or an equivalent experience record. ☐ APS Job No. DA-T-680 ☐ Salary Range (19,508-31,544).
(Phil Maynard, Tooele)

Construction Engineer/Senior; Engineering/General Engineering Group/Launch Project; ARCO Oil and Gas Company; Denver.

Will be the project's single-point contact who will be responsible for coordination and preparation of documents which provide construction methods, field controls, and schedules to support construction permit applications. Will also participate in other staff preconstruction and construction planning and support activities.

☐ Degree in engineering, or equivalent educational experience, with five to seven years' experience in construction of major projects. Previous experience in planning and scheduling of construction activities desirable. ☐ APS Job No. DA-D-597 ☐ Salary Range (23,412-37,857), (25,684-41,529), (28,202-45,598) — based upon qualifications and experience of individual selected.
(Ron Milam, Dallas)

Senior Production Engineer; Engineering; Anaconda Copper Company; Carr Fork, Tooele, Utah.

Supervise the activities of a production engineer. Coordinate the planning for production from the underground mine with the mine and mill departments. Submit schedules of daily, weekly, and monthly production on a timely basis.

☐ Degree in mine engineering with a minimum of five years' experience in underground mine operations. Familiarity with open stoping, scraper mail hauling, and hoisting operations is desirable. ☐ APS Job No. DA-T-682 ☐ Salary Range (25,684-41,529).
(Phil Maynard, Tooele)

Area Engineer; Onshore Engineering; ARCO Oil and Gas Company; Lafayette, La.

Plans and directs operations engineering activities in assigned area of district; directs and coordinates engineering projects involving major secondary recovery efforts, etc.; presents own and other diners' recommendations in connection with budgets, drilling wells, remedial operations, formation evaluations, equipment installations, performance of secondary recovery projects; coordinates work with various district groups and with Dallas staff, R&D, etc.; compiles and furnishes information to Natural Gas Department representatives on a variety of gas problems, represents company on engineering committees.

☐ Degree in petroleum or mechanical engineering preferred. Thorough knowledge of engineering phases of oil and gas producing operations, working knowledge of field activities and drilling operations, experience in supervising technical employees. Acquired through eight to ten years' field and office petroleum engineering experience. ☐ **APS Job No. DA-D-593** ☐ Salary Range (28,202-45,590), (30,994-50,112) — based upon qualifications and experience of individual selected. Previously published July 25, 1980. All applicants who applied will be considered.
(James Horn, Lafayette)

alaska

In addition to standard Company benefits and compensation, employees transferring to an exempt Company assignment in Alaska are eligible for the following:

☐ *Alaska allowance of 45 percent of the first $2,000 per month, plus 25 percent of any monthly amount over $2,000.*

☐ *Allowance for Month Hope assignments.*

☐ *Special Alaska moving policy.*

☐ *Annual Alaska vacation travel allowance for employee and family. Tax reimbursement provided.*

Senior Operations/Analytical Engineer; North Slope District; Reservoir Engineering Group; ARCO Oil and Gas Company; Anchorage.

Conducts a broad range of waterflood studies on the Prudhoe Bay (Sadlerochit) Reservoir. Studies include waterflood optimization, water rate and distribution among the four major flood areas of the field, and analysis of ongoing injectivity, hydrate formation, and thermostatic fracturing tests. Responsibilities include planning, design, analysis, and economic evaluation of the long-term studies required to optimize this waterflood.

☐ Degree in engineering. Five to eight years' experience in operations/analytical engineering preferably, including waterflood operation's and reservoir simulation. ☐ **APS Job No. DA-D-598** ☐ Salary Range (25,684-41,539), (28,202-45,590) — based upon qualifications and experience of individual selected.
(Peggy Comsiney, Los Angeles)

Drilling Administrative Supervisor; North Drilling; ARCO Oil and Gas Company; Anchorage.

Plans, directs and controls budget coordination, AFE size control, drilling contracts, materials management, training and other administrative functions for the North Drilling Department including preparation of various technical and drilling related reports. Recommends new procedures, policy and priorities.

☐ Petroleum engineering degree or related professional degree with eight to ten years' experience in oil-related field. MB-in finance management would be preferable. ☐ **APS Job No. DA-D-596** ☐ Salary Range (28,202-45,590), (30,994-50,112) — based upon qualifications and experience of individual selected.
(Peggy Comsiney, Anchorage)

Nevada Moly Project

The Nevada Moly Project is a 20,000 TPD Open Pit Mine and Mill Complex to recover Molybdenum sand in production of alloy and nonalloy steel from low grade sulfide ore. The project is currently under development approximately 25 miles north of Tonopah, Nevada on the west slope of the Toiyabe Mountains.

Mechanical Superintendent; Nevada Moly Project; Anaconda Copper Company; Tonopah.

Responsible for planning, establishing and directing all fabrication, repair and maintenance operations including all shop facilities for all work beyond the scope of routine maintenance handled in the production operations. Ensures timely scheduling and monitoring of such work to maintain quality service at the lowest practical cost and minimum of interference with operations.

☐ Degree in mechanical engineering or equivalent plus a minimum of five years' related administrative experience. ☐ **APS Job No. DA-T-600** ☐ Salary Range (28,202-45,590)
(Cindy Jewett, Tonopah)

sales

Salesman; Marketing; Akron; Anaconda Aluminum Company; Dayton, Ohio.

Service customers by selling established product lines through direct contacts.

☐ Knowledge and experience in selling of exterior building products. ☐ **APS Job No. GA-O-180** ☐ Salary Range (17,000 plus commission)
(Bill Budde, Louisville)

positions filled

Area Material Coordinator; BA-D-576; Patrick O. Abbott; Application; from Material Coordinator; ARCO Oil and Gas Company; Anchorage.

Budget Analyst; BB-J-597; James Harris; External Recruiting.

Business System Specialist/Consultant; BC-O-515; Dennis F. Whitchel; Application; from Senior Systems Analyst; P&C, ARCO Petroleum Products Company; Los Angeles.

Data Specialist; BC-D-476; Julian Haves, Jr.; Application; from Systems Programmer; ARCO Oil and Gas Company; Anchorage.

Environmental Coordinator, Air Resources Specialist; DA-J-512; David Maxwell; External Recruiting.

Government Relations Research Assistant; BA-B-641; Caroline A. Ojeda; Application; from Professional Assistant; Corporate; Los Angeles.

Field Contract Analyst — Fabrication; BA-D-577; Thomas P. Vollstedt; Application; from Construction Auditor; Anaconda Aluminum Company; Columbia Falls, Mont.

Field Representative; DA-J-601; Joel T. McKenzie; Application; from Maintenance Mechanic I; ARCO Transportation Company; Humbolde, Tex.

Manager, Evaluation; BD-J-112; Leigh T. Hada; Company Promotion; from Senior Evaluation Coordinator; MR&E, ARCO Petroleum Products Company; Los Angeles.

Operations/Analytical Engineer; DA-D-608; John D. Rathmann; Application; from Operations/Analytical Engineer; ARCO Oil and Gas Company; Lafayette.

Paralegal; BA-B-654; Kathy L. Seidel; Application; from Associate Paralegal; Corporate; Philadelphia.

Project Control Director; BG-D-423; Herbert Tidwell; Application; from Louisville Assist Director; Corporate Division; Louisville, Ky.

Project Control Engineer; DD-T-149; Shirley Stone; Company promotion; from Project Control Coordinator; ARCO Transportation Company; Houston.

Senior Gas Regulations Administrator (NGPA); BA-D-478; Jim Clements; External Recruiting.

Supervisor, Data Processing Training; BC-D-450; Donna R. Hutchinson; Application; from Computing Services Coordinator; ARCO Oil and Gas Company; Dallas.

Supervisor, Gas Volume Unit; BO-D-579; Harold Irmer; Company promotion; from Senior Gas Revenue (PLT/LS) Accountant; ARCO Oil an Gas Company; Dallas.

ANDERSON, Wayne, 64, Niland, Calif., pumper gauger, Watson Refinery, died June 1.

ASCHENBRENNER, August, 84, Butte, Mont., 27 years, died May 10.

BIRCHETT, Thomas E., 71, Philadelphia, shift utility man, Pt. Breeze, died May 21.

BLAFKENSHIP, James E., 78, Flynnwood, Okla., pumper, Sinclair Oil, died May 7.

BLUM, Raymond J., 69, Philadelphia, 32 years, died May 25.

BRIGGS, William J., 62, Kenosha, Wis., 29 years, died May 25.

BROWN, David, 80, Philadelphia, personnel assistant, Pt. Breeze, died May 28.

BRYSON, Harry, 58, Tyler, Tex., drilling superintendent, died May 26.

BURKE, Leo C., 74, Byran, Tex., 24 years, lease pumper, died May 13.

BURKETT, Harry C., 87, Erie, Pa., district manager, died May 2.

CARROLL, Thomas, 73, Sharon Hill, Pa., 38 years, Pt. Breeze, died May 8.

CHERUP, William, 78, Melbourne, Fla., 46 years, died May 1.

CLARKE, Jewell, 78, Yale, Okla., Sinclair, died May 6.

CLASEIL, Lawrence, 75, San Clemente, Calif., coordinator, died May 21.

CLEM, James W., 81, Arlington, Tex., Watson Refinery, died May 26.

CLYMER, Lloyd C., 68, Drumright, Okla., senior clerk, died May 18.

CROUSE, Ferris, Philadelphia, died May 21.

CURTNER, Tony R., 61, Mattoon, Ill., 16 years, died May 22.

DEBAILLON, Jessie, 62, Lafayette, La., secretary, Sinclair, died April 4.

DELANEY, James J., 78, Scarsdale, N.Y., director-advertising, Sinclair, died May 29.

DOLMAN, Jack, 60, Ft. Worth, Tex., bookkeeper, died May 16.

DWYER, James J., 78, Thomaston, Conn., 46 years, died May 4.

DZIEDZIC, Stanley, 69, Buffalo, N.Y., 35 years, died May 14.

ESTILOW, John M., 75, Boston, terminal superintendent, Edon Terminal, died May 19.

EVANS, Thomas, 90, New Haven, Conn., 32 years, died May 2.

FAVA, Victor T., 82, Butte, Mont., 45 years, died May 26.

GILL, John, 91, Philadelphia, manager sales personnel, died May 31.

GOTTING, Ellison P., 80, East Detroit, Sinclair, died June 6.

HALEY, Edmund D., 98, Kenosha, Wis., 16 years, died May 31.

HUNTER, Omer Clyde, 78, Kilgore, Tex., roustabout, Sinclair, died May 31.

JORDAN, Fred, 77, Hollywood, 17 years, died May 14.

KANGUS, Phil, 87, Butte, Mont., 22 years, died May 4.

KANTOR JR., Andrew, 73, Torrington, Conn., 48 years, died May 18.

LIPSCOMB, Ray, 69, El Centro, Calif., plant operator, died May 23.

LOCKHART JR., Ray T., 60, Dearpark, Tex., material expeditor, died June 7.

LYNCH, Clarence C., 78, St. Petersburg, Fla., Sinclair, died June 7.

MAENPA, Anard W., 69, Butte, 23 years, died May 27.

MARTON, Martin P., 66, Detroit, 17 years, died May 11.

MATICH, Charles, 68, Butte, 7 years, died April 29.

MENDRUS, William, 94, Munster, Ind., asst. to Vice President, Sinclair, died May 24.

METZLER, Raymond, 81, Largo, Fla., 40 years, died April 24.

MILNER, Walter W., 75, Havertown, Pa., personnel assistant, died June 14.

MOORE, Marvin, 66, Davis, Okla., truck driver, Sinclair, died June 5.

O'CONNOR, William D., 82, Erie, Pa., chauffeur, died May 18.

OWESKY, Eva, 67, Philadelphia, died June 4.

OPP, Albert, Anaconda, Mont., 17 years, died May 13.

PALKA, John, 74, Hollywood, superintendent, Sinclair, died June 2.

PARSONS, Edward J., 84, Detroit, 38 years, died May 6.

PETERS, Reginald (Moose), 68, Butte, 48 years, died April 26.

PIERRICH, Louis, 67, Butte, 34 years, died May 13.

POTOSKY, Joseph, 84, Gary, Ind., truck driver, Sinclair, died June 24.

RADER, Fred, 67, Butte, 15 years, died April 30.

REINHOLT, George K., 67, Essington, Pa., 42 years, chauffeur, died May 7.

RILL, August, 91, Great Falls, Mont., 39 years, died May 28.

RIORDAN, Katherine C., 91, Waterbury, Conn., 17 years, died May 7.

SALCE, David, 85, Miami, Fla., 38 years, died May 29.

SHAY, Charley E., 83, Ansonia, Conn., 41 years, died May 15.

SILLS, Cecil F., 70, Taft, Calif., field operator, died May 1.

SMALLEY, Milton, 78, Houston, yard labor leadman, died May 26.

STARK, Arthur L., 43, Newton, Tex., 22 years, production foreman, died May 13.

STEVENS, Evan J., 84, Great Falls, 40 years, died May 19.

TIANO, Dominick, 79, Hermosa, Calif., 36 years, died April 20.

WARD, Harold R., 47, Portland, terminal leadman, died June 1.

WASHBURN, Benton L., 84, Wolcott, Conn., 23 years, died May 27.

WIGER, Everett, 70, Butte, 33 years, died May 16.

WOODCOCK, Jack K., 68, Seattle, production delivery driver, died June 9.

YOUNG, Mack, 82, Buffalo, N.Y., 32 years, died May 28.

Lobbying

ARCO team scores some points on eve of Senate debate on Alaska lands issue

WASHINGTON, D.C. — A last-ditch lobbying effort by a small group of ARCO government relations people is apparently paying off in the heated Senate floor debate over the fate of millions of acres of Alaska land.

The Senate committee version of a d-2 lands bill that would p-t 102 million acres into new conservation units is favored by Alaska and by energy firms. Another environmentally oriented group, led by Massachusetts Sen. Paul Tsongas, favors five amendments to the committee bill that would place a total of 160 million acres in conservation units, and would nearly double the amount of land closed to oil, gas, or mineral development.

The first week of Senate debate over the Alaska lands bill was slowed by controversy over the first of the five so-called "Tsongas amendments."

But for ARCO government relations people, what's been happening behind the scenes is more important. Five ARCO people spent a hectic four days calling on Senate aides to make ARCO's point against the key fifth "Tsongas amendment," which would close the Arctic Wildlife Range to oil exploration. As a result of the ARCO lobbying effort, and the efforts of others, there is now a move afoot to compromise on the issue of the Wildlife Range.

On July 17, Los Angeles-based government relations staffers Jerry Govits and Dave Christiansen, plus Alaska District geologist Dave Hite joined ARCO Washington staffers Judy Baird and John Roots here for a strategy session. After identifying uncommitted Senators, they broke into two teams and began calling on Senatorial aides, getting as short as three minutes and as long as 20 minutes to state their case and drop off lobbying materials.

Christiansen says a virtual army of aggressive environmental lobbyists was making the same stops. He was surprised that among energy firms only ARCO and Exxon — which had one lobbyist walking the halls — seemed to be doing any lobbying on the issue. The state of Alaska and Sen. Ted Stevens also were lobbying for passage of an unamended Senate bill.

The first day most aides were skeptical about the potential for finding oil on the Range largely due to some recently circulated Department of Interior reports. Although the area has never been explored, the two ARCO teams presented evidence of potentially enormous oil finds along the coastal section of the Range. They also argued that the area can be explored without impacting local caribou herds, and it's better to explore responsibly now then irresponsibly in the future when the nation is hungrier for energy. "I think we made some telling points and perhaps opened a few eyes," says Govits.

By the second day the team noticed a slight change in the attitude of the aides they called on. "Word travels fast among the aides," Govits says. "And by the second day I sensed that the aides we talked to acknowledged there is oil to be found in the Arctic Wildlife Range."

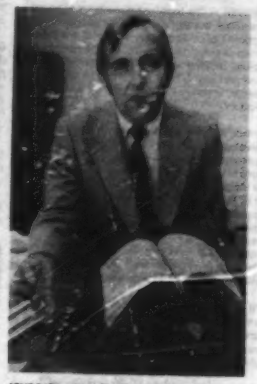
By Monday, the third day of lobbying (and the first day of the Senate floor debate on the lands bill), the attitude of the aides seemed to be, "What kind of compromise can you guys live with?"

"By the time we left for home on Tuesday, we were tired, but we felt we'd created some validity for our point of view and some recognition of the need to work a compromise on the Range," says Christiansen.

The lobbyists had called on about 40 Senatorial aides in four days and they had delivered lobbying material to 100 Senators. Later, Manny Livaudais of the Washington office learned that Energy Secretary Duncan had apparently thought enough of our lobbying materials to review them with President Carter.

Shortly after the team effort, they got some concrete proof that their advocacy had paid off. On Friday, July 25, they learned that Sen. Danforth (Rep.-Mo.) was seeking a compromise amendment to the fifth "Tsongas amendment," which would open the coastal section of the Arctic Wildlife Range for exploration after an environmental survey. "We prepared a response saying that the compromise was unacceptable because the study would delay exploration by eight years," says Govits, who says ARCO favors doing the environmental and seismic work at the same time. "But this first move toward compromise is encouraging and makes us feel we did some good on our trips. We feel there's an emerging recognition of the validity of our position on the Wildlife Range."

The current debate over the first "Tsongas amendment" could delay action on the bill this session. On the other hand, the key debate on the controversial Arctic Wildlife Range could come up soon. — *Bill Stapleton*



ADVOCATE — Dave Christiansen, who works in ARCO's government relations group in Los Angeles, was part of team which recently went from door-to-door in the U.S. Senate in Washington telling the company's story on the Alaska lands issue.

'I think we made some telling points and opened a few eyes'

Page Six

We probe brave new world of zeolites

by Adam Wolf
staff writer

DENVER — The term 'world leader' may sound grandiose, but that's what the Anaconda Copper Co. could be with respect to a unique group of industrial minerals. They're called natural zeolites and they have potential use in markets ranging from agriculture, to solar energy, to pollution control, to consumer products.

In fact, Anaconda already has a lead in the developing zeolite industry because it has resources totaling several hundred million tons of various types of zeolite — a major part of the potential zeolite deposits known in the U.S. The company also has an active exploration program to find other zeolite deposits. And in April 1980, Anaconda Copper management authorized a full-scale, multi-million dollar product development and research program to determine the value of zeolites in several applications.

"If the results of this program prove favorable, we could become a major marketer of zeolites and one of the first major marketers of natural zeolites in the world," says Harry Storey, vice president marketing.

Zeolites belong to the family of industrial minerals — any rock, mineral or other naturally occurring nonmetallic substance of economic value including commodities like asbestos, clays, salt and even sand and gravel. Metallic ores, minerals fuels and gemstones are not included in the family of industrial minerals.

The purest zeolites are formed from volcanic ash. They're lightweight, white-to-pastel colored, porous and commonly chalky to touch. They can act as molecular sieves, separating smaller gas molecules from larger ones depending on the size of their pores. They are useful in adsorption — or adhering molecules within their channels. They can also be used as ion exchangers, letting water pass through their channels and, in the process, exchanging ions in watery solution for ions naturally present in their structure.

Since they're easily cut and sawed, the ancient Romans and other societies used natural zeolites in construction. That's still their major volume use today.

Reluctance to develop natural zeolites on a large scale has been caused in part by the success of the synthetic zeolite industry. However, recent research has lead to a greater understanding of the inherent properties of natural zeolites as well as properties that can be added to them through physical and chemical treatments. When it comes to such areas as agriculture and pollution control, research indicates that natural zeolites have the edge over synthetics because they can be produced at low cost for bulk applications. It's those bulk application markets that Anaconda is particularly interested in supplying with as-mined and processed zeolites.

Anaconda became more interested in entering the zeolite market in 1977, when Dennis Leonard, marketing manager, industrial minerals, was hired by Anaconda to investigate potential markets and methods of getting into the zeolite business. Around the same time, Dick Kneelman was chosen manager, industrial minerals exploration, to do geological work on the existing deposits and to explore for additional resources with exceptional characteristics.

Current Anaconda zeolite resources are divided among 11 properties in California, Nevada, Oregon, Texas and Arizona and include chabazite, clinoptilolite, mordenite and philipsite technically equal, if not superior, to any commercial duplicate in the world, according to Leonard.

Leonard's initial marketing studies indicated potential demand for considerable tonnages of zeolites in a diverse range of industries.

In August 1979, Larry Wolgemuth, a senior research scientist from ARCO Chemical Co. and Harvey Technical Center, was hired as senior scientist in charge of non-metallic research to direct zeolite research at Anaconda's research and development lab in Tucson, Ariz., and to oversee additional research contracted out to U.S. universities and private, domestic and foreign labs.

MINERAL HUNTER — Dick Kneelman is leading Anaconda Copper's path to find new ore, as Anaconda said to do geological work on existing deposits.

"Before I got here," Wolgemuth explains from his Tucson office, "zeolite research was in its embryonic state. The company wanted to know how much zeolite was available in commercial quantities and whether there was a market for it. Now, we have enough information to justify setting up a true zeolite research organization.

"At last count," adds Wolgemuth, "zeolites have about 148 uses — all of them falling under the two categories of adsorption and ion exchange."

In the area of pollution control, zeolites can clean up the air by helping remove SO2 and other impurities from stack gases. That could permit burning of more high sulfur coal to generate electricity. Zeolites can be used in radioactive waste disposal and at well cooling heavy gas cleanups. They can replace problematic phosphates in detergents and they can help remove heavy metals out of waste water. Zeolites can also be used in sewage effluent treatment. In fact, in 1978, Anaconda sold 800 tons of clinoptilolite to two sewage treatment plants in Reno, Nev. and Lake Tahoe, Calif.

One area that looks particularly encouraging for zeolite use is aquaculture. Studies have indicated that zeolites added to fish feed have contributed to weight gain in fish. Zeolites, through their ion exchange capabilities, can also help remove ammonia from fish tanks and are being used in several commercial-scale aquaria.

Two other areas that look especially promising to Anaconda is the use of zeolites as soil and animal feed additives.

Since fall 1978, Ron MacDonald, a technical research specialist at the Tucson lab, has been evaluating effects of mixing zeolites with soil on plant growth. Two tests have been run in a small greenhouse and another is underway in a larger greenhouse at the lab using tomatoes, peppers and cucumbers. It appears that zeolites can help aerate soils, neutralize acidic soils and control the release of ammonium, nitrogen and potassium from fertilizers. Treating soil with zeolites can permit a reduced level of fertilization or make marginal soils become more productive.

"We're at the point where we believe we have a good idea of the ratio of fertilizer to zeolites needed to sustain healthy plant growth," says Wolgemuth. "We can indeed show it's beneficial."

Zeolites appear to work similarly in animals causing a so-called "improved feed conversion" that could lead to a decrease in the overall amount of feed (with a zeolite additive) for cattle, poultry and swine. Anaconda research efforts are principally aimed at the latter two. No negative effects of the zeolite additive have yet been indicated.

ARCO Chemical Co. is also interested in zeolites and has done some research into value-added products using chemically modified zeolites. Preliminary indications are that zeolites could be applied to personal hygiene, household and toiletry products, drug production and food preparation.

Current experimental projects are expected to be completed by December 1981. In the meantime, a review process has been set up with management to keep track of product and market research and development. The first review will be in August and the second in December.

"We're going to continue to follow a three-pronged attack," Storey explains. "First and foremost, we have a comprehensive product development and research program. Second, we have an active geological program to determine, find and acquire new zeolite deposits. And third, we're doing the market research and analysis so when we're ready, we'll know where and how to market in the U.S., Europe and Japan." Zeolites, he indicates, could be a major diversification area for Anaconda Copper.

But Storey remains cautious. "We have great hopes for zeolites, but we're going to have to do the product development and research to prove their potential and define it. And during this stage, we cannot let ourselves get overenthusiastic about it."

SLUDGE-EATING BUGS — Marc Schillinger (right) and Dave Harris examine quality of soil on a 10-acre land farm at the Philadelphia Refinery on which microscopic organisms live. The tiny bugs eat sludge and other bio-degradable wastes from the refinery, saving the company shipping and disposal costs.

Down on the farm, ARCO bugs serve man by munching sludge

by Bob McSherry
staff writer

PHILADELPHIA — The disposal of industrial waste is a problem facing businesses and environmental agencies across the country. In recent years, many dumping sites have been closed to industry because of subsequent pollution reports. And often, industrial firms are forced to haul their waste hundreds of miles before they can dump at an approved landfill.

But the ARCO Petroleum Products Company refinery here has found a natural and environmentally safe method of disposing of its oil waste.

Under the watchful [illegible] of Marc Schillinger, an ARCO environmental engineer, oil sludges and other bio-degradable wastes are being deposited on a land farm in the refinery's North Yard. The 13-acre farm uses micro-scopic organisms like amoebas to eat the oily waste the refinery produces — about 1300 tons a year.

Schillinger says the microscopic "bugs" are efficient sludge eaters. "They're [illegible] for their room and board. We're giving them a place to live and a lot to eat. In turn, they're eating sludge, tank bottoms, and non-recoverable oil. In a sense, they're doing the work for us."

Recently, the U.S. Supreme Court ruled that genetically altered micro-organisms called "super bugs" could be patented like other inventions.

But Schillinger says the micro-organisms on the land farm are just normal bugs like pseudomonas, bacillus, and cytophaga. They grow naturally in the sludge at the refinery's waste water treatment system, and when the sludge is aerated (exposed to the air) they flourish. Then they're deposited on the farm with the other sludge, and go to work — eating.

The bugs that adapt best to the oily waste thrive and multiply. "The best selector is nature," Schillinger says. "We're throwing a diverse population of organisms out on the farm. It's survival of the fittest. Nature selects the organism most capable of eating or degrading the waste."

And this natural system is gaining recognition. Although the farm was developed just one year ago by Byron Bahrens, former manager of Air and Water Conservation who's currently assigned to the Operations Department, it has been praised by the Pennsylvania Department of Environmental Resources. The only land farm in the state, it has already saved the company $1.5 million in waste hauling charges, and attracted the interest of a wide variety of industries.

Schillinger says that keeping up with the "chores" is the key to the farm's success. Dave Harris, ARCO's contract coordinator at the refinery, serves as the farm's foreman. He supervises the outside contractor who hauls the bugs and sludge to the farm, applies it to the land, and harrows it into the soil.

"If you just leave the sludge out there, the bugs are going to die because they are aerobic and need a lot of air to survive," Schillinger says. "So we have to frequently till the ground and aerate the soil. It takes the same amount of care as any working farm."

The bugs are also sensitive to large amounts of water. A good spring rain may help most Pennsylvania farmers, but it can spoil disaster for Schillinger. Excess water cuts off the air the bugs need to live, and, in effect, drowns them.

"We put pumps out on the farm to remove the water that accumulates during a heavy rain," Schillinger says. "The spring we did lose some bugs from the rains, but they've been replaced. We've got an unlimited supply at the treatment plant."

Tornado victim finds friendship after trauma

DELMONT, Pa. — When Bill Ward, terminal superintendent at the ARCO Marketing Terminal here, heard about the recent tornado that destroyed a mobile home owned by an Atlantic Richfield employee, he wanted to do something to help.

The tornado on June 3 had touched down in a trailer park in the nearby community of Apollo. Laura Aber, purchasing supervisor for ARCO Medical Products Company in Leechburg, Pa., was left homeless. She and her two sons, Bruce, 20, and John, 9, were forced to find lodging with neighbors.

So Ward started an impromptu fund drive within the Pittsburgh offices of ARCO Petroleum Products Company. He was able to collect $265 from company employees who responded to the call for help. Meanwhile, employees at the medical products plant were busy raising money and household items on their own.

And Aber was happily surprised to find other Atlantic Richfield employees were sending her donations of food, clothing, kitchen utensils, and a total of $693 in cash. She says the gifts will help her and the boys start a new life. "It's tough to go through something this traumatic, but the whole thing is a lot easier when you have friends."

She found she had another friend at the Petroleum Products Company Belmont Terminal in Philadelphia. Bob Scott, a supervisor in the traffic department, started a fund drive to help Aber replace the china she lost to the tornado. "It won't make up for the sentimental value of the china," he says, "but it'll help her get a good set of dishes."

Currently Aber and her boys are temporarily lodged in a trailer provided at no cost to tornado victims by the U.S. Government. She says she's planning to buy a house with her insurance settlement and a special emergency government loan.

Around the company

A wrap-up of our operations

ARCO goes to court seeking to overturn another state oil tax provision

SYRACUSE, N.Y. — **Atlantic Richfield** is going to court in an effort to overturn a provision of the New York state tax on oil companies that prohibits the firms from passing the tax on to customers. ARCO, joined by Mobil and Gulf, filed suit just two days after another federal court overturned a similar provision in Connecticut's oil company tax. The companies claim that the antipass-through provision is a form of price control and that, under the U.S. Constitution's Supremacy Clause, price controls are exclusively federal responsibility. A federal judge used a similar argument to rule the Connecticut antipass-through provision was unconstitutional. The oil companies claim that an antipass-through provision, if upheld, would force consumers in other states to pay the tax by increasing the companies' overall costs. The Connecticut and New York taxes were effective July 1. A similar tax with an antipass-through provision awaits the governor's signature in Massachusetts, and California voters rejected a similar proposal June 3.

□□□

BUTTE, Mont. — As the nationwide copper strike entered its fifth week, there were no meetings scheduled by any of the major copper companies. However, some meetings are being held on local issues in Butte, Mont., with various union groups. Operations remain shut down and picketing continues at all three **Anaconda Copper** locations in Montana.

GRANTS, N.M. — As announced earlier, the **Anaconda Copper Co.** will begin a phase-out of its open pit uranium mining operations here this month.

While some 400 employees will ultimately be affected by the phase-out, no layoffs will actually occur until Feb. 28, 1981. After reassessing project requirements throughout the remainder of the operation, management decided to utilize affected employees at the mine until that date.

The phase-out decision was forced by rising costs and projected prices for uranium which made the operation unprofitable.

□□□

LOS ANGELES — Effective Aug. 1, 1980, non-represented employees of **Atlantic Richfield** and all operating companies and subsidiaries adhering to the parent company reimbursement schedule will be eligible to receive 20 cents per mile for authorized casual use of their personal automobiles on company business. The previous allowance has been 18.5 cents per mile. Some additional provisions and restrictions apply to the new rate. Please direct any questions to your supervisor or Employee Relations representative.

□□□

WASHINGTON — **Atlantic Richfield** was one of 25 business and industry groups to receive an energy efficiency award for achieving major cuts in energy used for vehicle fleets and by their employees. At ARCO, the award notes, 67 percent of the company's 3050 Los Angeles-based employees carpool, vanpool, or use public transportation. The company began subsidizing bus fares for employees in 1973 and, in 1976, collaborated with other public and private organizations to create a Los Angeles-area vanpool program.

The awards were presented under the auspices of President Carter's National Ride-Sharing Task Force, of which ARCO President Thornton Bradshaw is a member. Bradshaw was also named to head a subsequent national program designed to motivate the private sector to the use of ride-sharing programs. These awards were the first issued since that program was kicked off. ARCO Vice Chairman Joe Downer went to Washington to accept the award on behalf of the corporation.

□□□

LOS ANGELES — ARCO Vice Chairman Bill Kieschnick has been named to serve on the Executive Advisory Council for the 1980 Air Force Ball, to be held here October 24 at the Century Plaza Hotel. The Ball, a fundraiser for Scholarships for Children of American Military Personnel (SCAMP) and Aerospace Education Foundation, has raised almost $450,000 for the two organizations since 1972.

Employees get down to earth

HARVEY, Ill. — Some 65 employees at **ARCO Petroleum Products'** Harvey Technical Center are testing their green thumbs this summer. One acre of property, located near the midway point of the lab's jogging track, has been turned into garden plots. The lab supplies water. Employees provide their own tools, seed and energy.

Linda Lane, an analytical chemist, came up with the idea. All the plots, measuring 20 by 30 feet each, are being cultivated. There's even a waiting list of 10 employees who want to get involved.

The Harvey gardens have already produced some radishes, spinach and onions, with more harvesting to come later in the season.

Meanwhile, at **Anaconda Industries'** metal hose plant in Mattoon, Ill., the gardens are "better than ever," according to Tom Stitt, manager, employee relations. The Mattoon facility has turned over some of its property to employee gardeners for the past five years. There are 30 plots this year, the largest number ever, sprouting everything from zucchini, to beans, to corn, to melons, to tomatoes.

AtlanticRichfieldCompany

515 S. Flower St.
Los Angeles, CA 90071

BULK RATE
U. S. POSTAGE PAID
PERMIT NO. 4
ANACONDA, MT. 59711

Published weekly by the Employee Communications Department, Corporate Employee Relations, for retirees and employees like Maria Cuevas, production control clerk, Russell Anaconda, Miami

Ken Sales, Managing Editor

Shel Holtz, Assistant Editor
Bill Stephens, Assistant Editor

Gar Miller, Senior Editor (Philadelphia)
Helen Stewart, Senior Editor (Dallas)

Main editorial office: Room 1107, ARCO tower, 515 S. Flower St., Los Angeles, Calif. 90071. Phone: 213-486-3000

Other offices: Room 2712-H, Centre Square, 1500 Market St., Philadelphia, Pa. 19101; Room 1047, Interstate Plaza Bldg., P.O. Box 2819, Dallas, Tex. 75221, and The Anaconda Tower, 555 Seventeenth St., Denver Colo. 80202.

FOR POSTAL SERVICE USE ONLY. DO NOT USE FOR PERSONAL COMMUNICATIONS.

ArcoSpark

Atlantic Richfield/Anaconda

Vol. 6, No. 31/August 6, 1990

New Anaconda-Ericsson takes shape

by Adele Wolff
staff writer

GREENWICH, Conn. — At the start of business here Tuesday, July 29, receptionists answered phone calls with the greeting, "Anaconda-Ericsson." The steps undertaken in March to form the new corporation were finally complete.

"This forming," says Yngve Aksson, chairman of the board and chief executive officer of Anaconda-Ericsson, "marks the culmination of a long period of cooperation between the parent corporations. By bringing the U.S. and international abilities of Anaconda and Ericsson together, we can now provide a broader product line and fuller technical backup to the markets we serve."

The new firm, headquartered at former offices here of Anaconda's Wire and Cable Division, is owned 50 percent by Anaconda and 50 percent by LM Ericsson Telephone Co. (LME), of Stockholm, Sweden. It includes 11 plants in Anaconda's former Wire and Cable Division, Ericsson's telecommunications marketing units in the U.S. and Canada and subsidiaries belonging to Anaconda in Saudi Arabia and to both companies in Latin America.

The new firm will design, manufacture and market electrical and communication wire and cable products and electronic telecommunications equipment in the U.S. and several other countries. Approximately 3500 Anaconda employees and 380 Ericsson employees in the U.S. join the new firm.

"We're most happy to have completed the agreement so we can get on with the exciting business of reinforcing the presence already established by both companies in the industries we serve," says Al Leader, president and chief operating officer of the new firm.

The closing occurred at Greenwich headquarters on July 28 with Aksson; Leader; Jan Stenberg, senior vice president, LME; LeGrande Young, new vice president, counsel and secretary, Anaconda-Ericsson; Paul Bilgore, vice president, The Anaconda

See NEW COMPANY'S page four

BOOKSIDE — Jerry Biggs (right), manager of contract administration for ARCO Coal, watches coal from Beaver Creek, Wyo., mine as it's transferred from dockside to a freighter bound for Japan. To find out more details, see story page three. (Photo by Craig Aumess)

ARCO argues ruling gives Chevron edge

by Bill Stephens
assistant editor

LOS ANGELES — In the days before the big Washington D.C. hearing, the paper work got heavier and the hours longer for ARCO lawyer Dick Morse. The week before he would argue ARCO's position, he was coming to work at 3 a.m.

Morse is the key figure in an unprecedented company undertaking: ARCO, which is California's second largest corporation, is taking on Standard Oil of California (Chevron), the state's largest corporation. On August 8 Morse will be arguing before a Department of Energy (DOE) hearing that the DOE entitlement rules give Chevron an unfair marketing advantage over ARCO in the western U.S.

Morse thinks it's the first time one oil firm has taken on another like this. Chevron, which Morse says is surprised and angry, will be at the August 8 hearing to argue against any change. "Our goal is to get some relief for our western dealers and distributors," says Morse. "Because of an unfair, anti-competitive situation, ARCO dealers are earning less, working longer hours and losing business to Chevron. And ARCO's customers' losses, of course, become ARCO's as well."

The DOE's new entitlements rule, effective July 3, removed the cost advantage ARCO had enjoyed on North Slope crude it refines without removing the cost advantage Chevron enjoys on ARAMCO crude it refines. ARCO, which had been getting a special entitlements benefit on Alaskan crude, is now paying an entitlement to other refiners on each barrel of

See SUIT CONTENDS, page seven

Forum Letters, questions and answers, etc.

letters

Dear Editor:

On June 14 my daughter and grandson treated me to a trip to the West Coast. We landed at Los Angeles and were taken to Nipomo where we stayed for eleven days and traveled to various places of interest. I even saw offshore oil wells and the on-land oil derricks too. Seeing these reminded me of the *ArcoSpark* I receive and read every week which to me is very interesting reading material.

I am 71 years old and retired from the Anaconda plant of the Raritan Copper works of Perth Amboy, N.J. since January 1973. I was a locomotive engineer on the industrial railroad for over 35 years. I was employed for almost 39 years.

I truly enjoy the *ArcoSpark* being very informative about the oil situation and also about Anaconda projects. I have learned a lot from this source of information. A gold star for the *ArcoSpark*.

Frank Kish
Forda, N.J.

Dear Editor:

I notice that you receive many complimentary letters, as they appear in the *ArcoSpark*. Maybe it's time to strike a balance.

For the past eighteen years I have been marking down the fruits of my experiences, in the way of inventive drawings. Publishers think they are too costly to print, our government is not set up to deal with an individual, and with ARCO/Anaconda I can't get past the lawyers, who don't know what it is all about anyway. However, I have been able to get my drawings on file at CDA.

In other countries it is different. In a few weeks I will be leaving for Europe, where my material will be presented to a technical school, also free of charge.

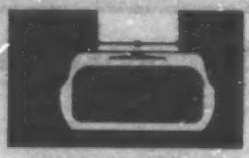
Henry E. Voegeli

Dear Editor:

As a retired employee of Anaconda Company, I find that I have many things to thank the company for — but there is another side of the coin.

I appreciate the monthly pension check which enhances my standard of living. The programs sponsored by Anaconda and Atlantic Richfield give me a great deal of pleasure and bring into my home entertainment I would not otherwise have.

Now for the "bad." I have a photo of the property next to mine in Butte. Before you say "What has that to do with us?", let me finish. Anaconda rents the land on which this model home sells to the occupant for twelve dollars



yearly. I have tried to have something done about this, but the results have been nil. My own home has been effectively "Red-Lined" by Anaconda. Anaconda purchased and demolished much of the neighborhood. I would be happy to have Anaconda buy my home, but Anaconda is not interested. I could not get any insurance on my home locally, but did get some coverage with A.A.R.P. None of this area now qualifies for government mortgages. The daily blast from the Berkeley Pit picks up the house, shakes it and sets it down again (a man-made earthquake). I can't help but wonder how long the plumbing, etc., will take this. I will have to have my inside walls refinished this year; they are badly cracked.

Your article on "An Instant Suburb by Jakarta" (*ArcoSpark*), was what brought on this outburst. Even if nothing else is accomplished, it has given me an opportunity to let off steam. The Indonesian standard of living is now superior to the American.

Eleanor B. Farrell
Butte, Mont.

Ms. Farrell, we sent your letter to the Public Affairs and Anaconda Rental departments of the Anaconda Butte Operations. Here's their answer:

We certainly appreciate your concern relative to the condition of the property located next to yours in Butte. The tenant occupying this property is subject to a lease agreement that states "unless there is a direct violations of its terms and conditions, it will continue indefinitely, provided the $12.00 annual rent is paid." This is not an isolated circumstance, as several such lease agreements were established in Butte at the turn of the century. Maintenance of the property is not a compliance requirement and, therefore, the Anaconda Copper Company has no right to interfere. However, we will attempt to contact the tenant of record and have this problem alleviated, if at all possible.

Although in the past the company has purchased many homes as it expanded mining operations in Butte, at present your property is not required for this purpose. If such a need arises, acquisition of your home could be considered by the company.

Structural damage resulting from daily blasts at the Berkeley Pit is also of concern to the Anaconda Copper Company and to ensure the safety of Butte residents, we have been monitoring seismic readings in the area for many years. These readings have indicated that reaction from the blasts is at a level far below that at which normal structural damage could result.

Dear Editor:

For a long time I have meant to write to tell you how much I enjoy the weekly *ArcoSpark* and I now have a couple of reasons.

I am enclosing an article from our Sunday *Miami Herald* (July 27), regarding the shortages Pratt & Whitney (subsidiary of United Technologies Corp.) at West Palm Beach, are expecting in critical materials such as molybdenum, chromium etc.

I have noted with interest ARCO/Anaconda's new project in molybdenum at Tonopah, Nev. in earlier issues and again in Don Wood's article in the July 11 *ArcoSpark*. Tell the boys up there to "keep up the good work" as our industry needs the "moly" at the earliest possible moment.

I worked for Anaconda's Brass Division for 42 years and ended up as engineering manager at Kenosha, Wis. until retirement.

I hope I haven't bored you with all this "I love ARCO/Anaconda."

F.B. Williams
Stuart, Fla.

infone

The following questions were taken from question-and-answer programs in operation throughout Atlantic Richfield. Similar inquiries are fielded through programs that may be operating in your area.

Question — I have worked for ARCO for five years and I am expecting my second child. ARCO claims to have no discrimination against women. Then why does ARCO only pay a woman on maternity leave for her disability time when she returns to work, whereas any other employee who gets ill receives their regular pay during their absence. This time is also called disability time, no matter if they were hurt at work or at home. I understand that pregnancy is usually planned, but this falls in the same category of a woman leaving for four weeks to have a tubal ligation (fallopian tubes tied).

I am thankful for the changes that have occurred in the past year on maternity leaves, but I feel that this is one policy that needs to be looked at closely. If I have the wrong understanding on this story, I wish someone would let me know.

Answer — You have the wrong information with regard to timing of disability pay benefits while on maternity leave. The company treats disabilities arising from pregnancy, childbirth and related medical conditions like any other medical disability. Any employee who is absent from work due to illness may be eligible for disability pay benefits based on their years of company service. While you are on an approved maternity leave of absence, you must simply claim any disability pay which you may be entitled to by following the procedures which are administered by your local Employee Relations representative.
— C.A. Balzer, policy coordinator.

Coal goes to Japan

by Shel Hotz
assistant editor

SAN PEDRO, Calif. — The timing couldn't have been better. The third trainload of coal from ARCO Coal's Beaver Creek mine arrived at the Port of Los Angeles dock here just in time to be loaded directly on board the freighter *World Commander*. By loading straight from train to ship, ARCO Coal saved about $20,000.

"We didn't know about it until when we started," says ARCO Coal Vice President Gale Daniel. But then, he adds, the entire transaction was one big learning experience. It was the first time ARCO Coal had ever sold its product to a foreign country. A half million dollars worth of coal was bought by Nisshin Steel Co., the Japanese manufacturer of Mazda automobiles.

"It was the second new sale out of the mine since we bought it," says Daniel. ARCO Coal took possession of the Utah coal mine on Jan. 1.

For the last four years, Daniel has maintained contacts with Mitsubishi and Mitsui, Japan's two largest trading companies, keeping an eye on the coal market there. "Historically, Japan has bought all of their coal from Australia," Daniel explains. This year, though, labor problems led Australia to advise Japan they would only be able to ship half of the coal they had committed for the rest of the year. Japan became suddenly desperate for coal.

Nisshin went to Mitsui in search of coal, and Daniel jumped at the opportunity to sell some from Beaver Creek. "We'd been preparing for something like this for five or six years," he says. "We've been sending drum samples overseas from time to time, and for the last two or three months, we've sent several drum samples from Beaver Creek."

Negotiations for the coal began several months ago, and weren't wrapped up until after the *World Commander*, a Monrovian-registered freighter chartered by Mitsui, had already left Japan en route to California.

While the deal was being worked out, ARCO Coal Transportation Manager Glenn Newton was working out the details for shipping the coal from Utah to San Pedro. "Transportation was one of the things we learned from the experience," Daniel says. One 80-car train made three trips beginning July 15, dumping its cargo from the first two hauls on the dock, from which it was reloaded onto the ship. The third load arrived in time to load it directly onto the freighter, saving $3.50 per ton in loading fees. Beaver Creek coal accounted for about a third of the coal the *World Commander* would take to Japan — the remainder had been purchased by Mitsui from other producers.

'When a deal like that comes along, we're not going to kick it out of bed'

Daniel and his staff also learned about payment from a foreign country — ARCO Coal was paid in dollars, but Nisshin bought the coal in yen, with the transaction handled by Mitsui. "The coal had to be tested at dockside in San Pedro by an independent party at our expense before they would pay for it, too," Daniel says.

Newton and Contract Administrator Jerry Biggs were in San Pedro to supervise the July 28 loading. Biggs was there to see that details, such as billing, went according to plan, while Newton kept track of transportation schedules. They were accompanied by Genji Matsumoto, a Mitsui representative. "I'm proud of the way our guys performed," Daniel says. "It proved to us that we can get more aggressive in this type of market."

Nisshin will use the coal to blend with iron ore for the manufacture of steel. "If you buy a Mazda in a year or so, it might be made partly out of Beaver Creek coal," Daniel quips.

It surprised Daniel at first that the coal was needed for metallurgical purposes, since it is used primarily to produce electricity. ARCO Coal's first new customer since acquiring the mine was Nevada Power and Light. "It's actually rather low quality coal for metallurgical use," he says. "But Japan had its back to the wall because of Australia's labor troubles.

"The truth is, whenever a deal like that comes along, we're not going to kick it out of bed."

Still, it will probably be a while before ARCO Coal sends more of its product overseas. Production from Beaver Creek is at its maximum right now, Daniel says, and coal from the company's Black Thunder mine in Wright, Wyo., is of too low quality for use in the manufacture of steel. "It's actually not even the greatest coal for producing electricity, unless it's easily accessible. But the farther you have to ship coal, the better the quality has to be."

ARCO Coal is currently working with a major Japanese utility company on improving the quality of Black Thunder coal. "If we succeed, and I think we will, we'll work out new arrangements with everybody," Daniel says. In particular, a new agreement will need to be worked out with Burlington-Northern Railroad, since a change in the substance shipped would mean the railroad can set new service rates for the new company involved.

Daniel says he'll deal directly with Burlington-Northern President Dick Bressler on that deal, since he knows Bressler from his days as an Atlantic Richfield senior vice president.

"And, of course, if we can improve the quality of our Wyoming coal, we'll definitely be looking at more foreign sales, too," he says. "Now that we've done it once, we've got the confidence we need to do it the next time. We learned a lot from this modest sale."

Page Four

'We started Friday morning and worked until 5 a.m. Saturday'

New company's sales could reach $700 million in 1980

Continued from page one

Company, and ARCO counsel; and other outside attorneys present.

"We started Friday morning and worked until 5 a.m. Saturday to make sure all the papers for the closing were in good order," says Bilgore. "Then we spent Monday getting everything signed and delivered. There were a few logistical complications with respect to all the foreign companies coming into the organization."

Following the closing, the firm's new board met Wednesday to take action on organizational matters and to authorize the signing of a $100 million loan providing working capital. Board members include Akesson, Lawler, Bjorn Svedberg, LME president, Arne Morvin, executive vice president, production, LME, Jim Marvin, president, Anaconda Copper Co., Doug Michael, vice president, international coordination, The Anaconda Co.; and Ralph Cox, president, The Anaconda Co. and executive vice president, Atlantic Richfield.

Steps for forming Anaconda-Ericsson began in March with announcement of an agreement in principle to form a new corporation. In April, a definitive agreement was signed spelling out in detail how the corporation would be established. Between that signing and the recent finalization of the agreement, financial arrangements were completed and pre-merger information was submitted to the Federal Trade Commission.

Anaconda-Ericsson includes the power cable and telecommunications cable units which were formerly part of Anaconda's Wire and Cable Division. The units respectively produce instrumentation, control and power cables for the utility, mining and industrial markets, building wire for industrial, commercial and residential construction markets and wire and cable products for the telecommunications industry.

Anaconda-Ericsson's telecommunications electronics unit combines Anaconda's former electronics operations in California with Ericsson's former sales and service locations in the U.S. and Canada to produce electronic transmission and PABX equipment, pocket paging and intercom equipment and public switching and branch exchange equipment and components.

Also included in the new company are Ericsson's wire and cable interests in Argentina, Brazil, Colombia and Mexico and similar interests of Anaconda in Brazil, Mexico and Saudi Arabia.

It's estimated that Anaconda-Ericsson's consolidated sales will reach $700 million in 1980.

LME is one of the world's largest manufacturers of telecommunications equipment. Its products are manufactured in 24 countries. In 1978, LME celebrated its centennial.

Anaconda first became associated with LME 10 years ago through the companies' joint interest in a Brazilian cable company, FICAP, the second largest cable manufacturer in Brazil. Anaconda-Ericsson now owns 52 percent of that company.

Personality in the news: Yngve Akesson

GREENWICH, Conn. — When Yngve Akesson was a student in chemical engineering at Sweden's Chalmers Institute of Technology, he spent one of his summers travelling throughout the United States. He felt so at home in America that he actually made plans to relocate to the U.S. as soon as he could.

"It took a few years longer than I'd planned, though," says the new chairman of Anaconda-Ericsson with a broad smile and a chuckle.

Akesson, who officially became chairman of the board and chief executive officer of Anaconda-Ericsson, Inc. last week, came to the venture from the Ericsson Telephone Company in Stockholm, Sweden. There he was corporate vice president, cable operations, and president of Ericsson's cable subsidiary, Sieverts Kabelverk.

"I'm excited about the new venture between Anaconda and Ericsson," he comments in a heavy Swedish accent. "There's a strong element of challenge in it. The easiest part of all was moving to the U.S.

"I got my permanent residence permit only after a few weeks," he says, "and it gave me a special thrill when this immigration officer on my return from a recent trip to Sweden changed his words from, 'How long are you going to stay in the U.S.?' to 'How long have you been away?'"

Akesson is a native of Hitar, a small town in southern Sweden. His father ran a sawmill, a business in which he's younger brother now manages.

Akesson joined a subsidiary of The Ericsson Group in 1949, soon after graduating from the Chalmers Institute of Technology. He began in Sieverts Kabelverk's research and development department, working with rubber- and plastic-insulated cables.

In 1965, Akesson was appointed vice president of sales for Sieverts; in 1966, he became president of Sieverts and in 1967, he was also named senior vice president of the total cable organization within the Ericsson Group.

Ironically, long before Anaconda-Ericsson was talked about, one of Akesson's three grown children was associated with Atlantic Richfield. Mats Akesson, then a race car driver, was sponsored by a Swedish distributor of ARCO in racing circuits throughout Sweden a few years ago. — *Michele Drake*

aps
Atlantic Richfield Placement System
Vol. 6, No. 31 — Job Opportunities
August 8, 1980

"The Salary Policy of Atlantic Richfield Company is to pay equitably for services rendered while providing appropriate control of overall salary costs. To comply with this policy different salary ranges may be appropriate for similar jobs among the Atlantic Richfield operating companies. The pay ranges for individual operating companies are designed to be reflective of the rates of pay within their competing industries."

Instructions:

1. If you are interested in a job listed below, you should submit a "Job Opportunity Form" to Internal Professional Placement, Los Angeles. These forms are available from your Employee Relations Representative.

2. Job information is listed in the following order: job title, number of vacancies, department, company, location, date job is to be filled (if not immediately open), principal duties, requirements, APS job number and salary range.

3. Applicants will receive a postcard from Internal Professional Placement to return send at their residence verifying receipt of their Job Opportunity Form. If you wish a postcard sent to your work location instead of your residence, please indicate on your Job Opportunity Form.

4. To expedite the handling of applications—or Job Opportunity Forms—employees should add Room 4078, ARCO Tower, to the pre-printed address on the front of the form. Applicants also are encouraged to submit a clean, formal, personal resume attached to the Job Opportunity Form.

5. Appearing at the end of each job listing is parentheses is the name and location of the Employee Relations Representative handling that particular job opening. You may contact that individual if you need additional information on the listing or if there has been a slot delay in learning of the status of your job application.

An Equal Opportunity Employer (M/F)

DEADLINE: August 18, 1980

administrative

Data Recording Supervisor; Data Processing; ARCO Petroleum Products Company; Los Angeles.

Directs the activities of the key edit unit in the control and on-time processing of input received from the user community. Trains, evaluates and develops unit personnel. Responsible for unit planning and work assignments and for meets and promotional recommendations. Monitors work flow and deadline schedules.

☐ Degree or equivalent work experience. Must have initiative and strong leadership ability and be able to train and motivate people. Excellent communication skills required. ☐ APS Job No. BC-F-524 ☐ Salary Range (17,023-28,834).
(Carolyn Yeungs, Los Angeles)

Computer Processing Control Analyst; EIS — Operations Control; Corporate; Los Angeles.

Sets up, schedules, controls and coordinates production processing for assigned segments of EIS payroll, personnel and benefits computer systems. Develops and maintains JCL, jobstreams and operation documentation. Analyzes production processing for accuracy and efficiency and initiates improvements.

☐ Degree in computer science or business administration desirable. Two or more years' experience in computer field with emphasis on OS, JCL, utility programs, production control and operations required. Occasionally "on-call" during off-hours and possible shift work. ☐ APS Job No. BC-B-[illegible] ☐ Salary Range (17,023-28,834), (21,362-34,540), (25,604-41,520) — based upon qualifications and experience of individual selected.
(Pam Gafin, Los Angeles)

Computer Applications Analyst (Scientific); Technology (Research Center); Anaconda Industries; Waterbury, Conn.

Accountable for formulating and implementing statistical methods and mathematical models for solution of metallurgical and other scientific problems by computer technology to aid management in product quality investigations and research programs.

☐ Science or engineering degree desired, metallurgy or chemistry preferred. Should have some experience in scientific programming and strong interest in application of computer systems to engineering and scientific problems. Ability to work independently. Good communication skills required. Some travel involved. ☐ APS Job No. BC-D-[illegible] ☐ Salary Range (18,691-28,036), (20,039-28,[illegible]) — based upon qualifications and experience of individual selected. An external search will also be conducted.
(D. A. Fitchen, Waterbury)

Staff Accountant; Accounting; Anaconda Aluminum Company; Columbia Falls, Mont.

Develop, monitor and implement procedures for accounting, auditing, internal control and administrative practices to ensure compliance with plant and company policy.

☐ Degree in accounting or equivalent discipline required. Would prefer five years' accounting experience with some public accounting or auditing experience. Experience in accounting, cost accounting, financial [illegible] and auditing procedures helpful. ☐ APS Job No. BD-O-[illegible] ☐ Salary Range (20,191-33,207). An external candidate search will also be conducted.
(Bill Stanley, Louisville)

Technical Resource Administrator; Administrative — Data Processing; ARCO Oil and Gas Company; Dallas.

Assists Data Processing management in selecting, recruiting and hiring highly technical personnel, 4400 as well as other levels. Coordinates and assists Data Processing management in project manning and personnel planning for major projects. Coordinates EEOC, personnel records and other personnel-related activities within the group and interfaces with other outside units such as Employee Relations, Medical, Corporate, etc.

☐ Computer science degree or equivalent experience in a broad enough cross section of Data Processing areas to identify needs and evaluate records to fill jobs from highly technical to clerical or entry-level positions. Requires professional skills in personnel-related aspects of the job to be effective. Prefer three to five years' actual experience in "state-of-the-art" data center. ☐ APS Job No. BC-D-[illegible] ☐ Salary Range (21,362-34,540), (23,412-37,857) — based upon qualifications and experience of individual selected. An external search will also be conducted.
(R. L. Chapman, Dallas)

Project Administrator; Engineering Technology and Development; ARCO Coal Company; Denver/Gillette, Wyo.

Plan, coordinate and provide cost control and accounting functions on Underground Coal Gasification Development Program through testing, design, construction and operating phases. Monitor project cost and report status in project manager and functional supervisors. Interface with purchasing to obtain required procurement support. Oversee total project reporting function. Responsible for project support functions including housing, vehicles, HR and controller interface, along with reimbursements on site purchasing.

☐ Degree in accounting, business administration, or equivalent experience. Good oral and written skills. Knowledge of procedures for materials handling, payroll, purchasing, salary, invoice processing, contracts and general administration procedures. Knowledge of company organization, policies and philosophy is essential. ☐ APS Job No. BA-J-[illegible] ☐ Salary Range (21,362-34,540), (25,604-41,520) — based upon qualifications and experience of individual selected.
(Charlene Mortimer, Denver)

Internal Control Analyst/Senior; Controller's — AP&SC; ARCO Oil and Gas Company; Dallas.

Conduct studies of internal accounting control compliance. Review quarterly internal control status reports. Evaluate and recommend improvements in internal controls. Evaluate interim audit exam responses, follow to ensure adequate response is made and corrective action is taken.

☐ Degree with major in accounting or equivalent experience. Three years' industry accounting or auditing experience required. AOCC auditing experience would be helpful. ☐ APS Job No. BB-D-662 ☐ Salary Range (21,362-34,540), (23,412-37,857), (25,684-41,579) — based upon qualifications and experience of individual selected.
(Randy Carothers, Dallas)

Analyst/Senior Analyst; S&C — Finished Product Supply (FPS) — Planning and Evaluation; ARCO Petroleum Products Company; Los Angeles.

Provides analytical support in the construction, development and evaluation of short and long-term volumetric product supply strategies. Utilizes, maintains and assists in the development of FPS analytical and informational tools — such as The Light Product Supply Model. Participates in special interdepartmental studies as appropriate.

☐ Degree in business discipline or engineering. Two or more years' experience in petroleum marketing and/or transportation. Computer knowledge desirable. Strong interpersonal and communications skills. ☐ APS Job No. BE-I-282 ☐ Salary Range (23,412-37,857), (28,202-45,598).
(Ed Stadt, Los Angeles)

Analyst/Senior Analyst; Supply and Coordination; Crude Oil Forecasting; ARCO Petroleum Products Company; Los Angeles.

Responsible for monitoring and forecasting developments in the domestic and international crude oil markets. Identifies potential opportunities and develops operational strategies. Participates in short-term planning and budgeting for crude oil supply department.

☐ Technical or business undergraduate degree required. MBA desirable. Two to three years' experience in the petroleum industry. Some knowledge of crude supply acquisitions and analysis helpful. ☐ APS Job No. BG-I-667 ☐ Salary Range (23,412-37,857), (28,202-45,598) — based upon qualifications and experience of individual selected.
(Ed Stadt, Los Angeles)

Operations Coordinator/Senior; Intermediates — Evaluation and Coordination; ARCO Chemical Company; Center Square, Philadelphia.

Coordinates and analyzes operations of ARCO Chemical Intermediates Production Units. Assists in development of short and long-term plans. Implements programs to monitor and improve manufacturing profitability. Interprets operations and operating strategy for marketing and senior management.

☐ Minimum two years' chemical-related experience. Chemical engineering degree and plant experience desirable. Strong interpersonal/communication skills required. Travel 1-3 days/month. ☐ APS Job No. BA-A-682 ☐ Salary Range (34,504-46,592).
(Mary Helme, Philadelphia)

Procurement Coordinator; Manufacturing; Rolling Plant; Anaconda Aluminum Company; Louisville.

Will work closely with each mill products facility to insure that the full advantage of the combined buying power is utilized. Will analyze commercial factors affecting the facilities' procurement activities and assist in optimizing the company's position based upon the impact of these factors. Through the effective combining of the critical needs of each facility, a more cost/effective procurement of these needs will be established.

☐ Five years of practical experience (preferably multi-plant). Degree in business administration/engineering or related fields. Must be able to work with people. Good communication skills — verbal/written. Skills to oversee, coordinate, influence and assist purchasing people in three plants. Good attendance and free to travel. ☐ APS Job No. BA-G-684 ☐ Salary Range (27,594-41,390).
(Bill Stubbs, Louisville)

Manager, Employee Communications/Instructor; Benefits, Policies and Communications; Employee Relations; Corporate; Dallas.

Serves as a focal point for all ARCO Oil and Gas internal communication activities; also provides communication services to Houston-based units of ARCO Chemical and ARCO Petroleum Products. Designs internal communication programs and coordinates the involvement of local management and other operating personnel in these programs. Contributes heavily to such ongoing publications as the ArcoSpark and mgr; also responsible for preparation and management of feedback and bulletin board programs, local publications and brochures. Works closely with the Regional Public Relations organization to coordinate internal and external communication.

☐ Degree or equivalent with a minimum of five years' communications experience. Must have strong news and feature writing ability, managerial experience, and the ability to communicate effectively with all levels of employees and management. ☐ APS Job No. BA-B-446 ☐ Salary Range (28,202-45,598).
(Don Jones, Los Angeles)

Supervisor, Process Engineering; Refinery Technology; Cherry Point Refinery; Alaska Petroleum Products Company; Ferndale, Wash.

Supervises a group of chemical engineers who are responsible for providing daily process engineering support on refinery operating units and product blending. Group responsibilities include process trouble shooting, unit debottlenecking, unit operation analysis, process correlations, process optimization and economic evaluations.

☐ Degree in chemical engineering. Five or more years in refinery process engineering or refinery process related field. Some familiarity with computer process simulation, linear programming or process design is desirable. Good interpersonal skills required. ☐ APS Job No. BG-I-446 ☐ Salary Range (30,994-50,112).
(Ralph Sisco, Ferndale)

Development and Recruiting Director; Accounting Development and Certification; ARCO Oil and Gas Company; Dallas.

Manage the recruiting, development and orientation of controller's department personnel. Provides long-term planning and general guidance for the accounting development, summer intern and college co-op programs. Also plans and guides college recruiting, university relations, development of technical training programs, and assessment and personal skills activities.

☐ College degree in business or personnel-related fields. Supervisory experience is essential. Knowledge of controllership functions is desirable. Eight to ten years of experience in the Oil and Gas exploration and production industry. ☐ APS Job No. BA-D-687 ☐ Salary Range (30,994-50,112).
(Randy Carothers, Dallas)

Manager, Mining Research; Research, Engineering and Development; Anaconda Copper Company; Tucson.

Plan and direct mining research programs consisting of laboratory and field projects emphasizing non-conventional mining methods for mineral recovery. This will include solution mining, fracturing rock in place, and in-situ methods of physical ore extraction and mineral recovery. The mining research programs will draw heavily upon the disciplines of mine engineering, geochemistry, extractive metallurgy (chemistry), rock mechanics, hydrology, and reservoir engineering.

☐ Requires advanced degree or equivalent in mining, metallurgy, petroleum or chemical engineering, or the geosciences, and a minimum of eight to ten years of experience in solution mining, reservoir engineering, or mining engineering. Previous supervisory or project management experience in a research environment is strongly preferred, and a working knowledge of mining operations is highly desirable. An external candidate search will also be conducted. ☐ APB Job No. BA-T-686 ☐ Salary Range (34,095-55,124).
(David Cardenas, Denver)

Manager, Aluminum Research; Research, Engineering and Development; Anaconda Copper Company; Tucson.

Plan and direct aluminum research programs consisting of laboratory, pilot plant and field projects related to (1) the extraction of aluminum from bauxite, clays, and other raw materials, and (2) the reduction of aluminum or other aluminum feedstocks to aluminum. Will encompass all aluminum process and hydrometallurgy research and development activities from raw materials through refined aluminum, including electrolytic and electrode parameters and environmental controls in aluminum processing.

☐ Advanced degree or equivalent in extractive metallurgy or chemical engineering and at least eight to ten years of experience in aluminum processing, reduction, metallurgy or mining. Previous supervisory experience or project management experience in a research environment is strongly preferred. ☐ APB Job No. BA-T-685 ☐ Salary Range (37,536-60,691). An external candidate search will also be conducted.
(David Cardenas, Denver)

Manager, Metallurgical Research; Research, Engineering and Development; Anaconda Copper Company; Tucson.

Plan and direct extractive metallurgical research program consisting of laboratory, pilot plant, and field projects related to the extraction and refinement of ore concentrates and metals. Projects will encompass all facets of mineral processing, hydrometallurgy, and pyrometallurgy. The objective of this research effort will be the refinement and development of economically viable and environmentally acceptable extractive processes that can be utilized at the company's operating locations.

☐ Advanced degree or equivalent in metallurgy or chemical engineering and at least eight to ten years of experience in extractive metallurgy. Previous supervisory or project management experience in a research environment is strongly preferred. ☐ APB Job No. BA-T-686 ☐ Salary Range (37,536-60,691). An external candidate search will also be conducted.
(David Cardenas, Denver)

technical

Chemist; Geology; Anaconda Copper Company; Butte, Mont.

Responsible for routine analyses off air, water, industrial hygiene, biomedical, soils, and any special samples necessary to maintain laboratory service demands. Responsible for special projects, research and development as required to adapt to increasing laboratory service demands.

☐ Degree in chemistry or equivalent in working experience. ☐ APB Job No. EA-T-677 ☐ Salary Range (15,575-26,379), (17,023-28,856), (21,36234,540) — based upon qualifications and experience of individual selected. An external candidate search will also be conducted.
(F. R. Sherwood, Butte)

Project Engineer; Production Facilities Project Group; ARCO Oil and Gas Company; Pasadena, Calif.

Reports to senior project engineer. Will be given specific responsibility for design, fabrication and erection of a large oil and gas processing facility. Responsible for directing large contractor project engineering team in all phases of execution of the project. Will be specifically involved in design optimization studies, project schedule and cost control, APB preparation and support of outside fabrication and erection activities.

☐ Degree in mechanical, chemical or petroleum engineering. Three or more years' experience in design and/or construction in the petroleum industry. Good interpersonal skills; ability to interface effectively with both the client and contractor project teams. ☐ APB Job No. BD-D-685 ☐ Salary Range (19,420-31,460), (21,394-34,418) — based upon qualifications and experience of individual selected.
(Bill Ferner, Pasadena)

Operations/Industrial Engineering; Offshore Group; ARCO Oil and Gas Company; Bakersfield, Calif.

Performs operations engineering work including reservoir and economic aspects of drilling, primary and secondary recovery and remedial work. Plans and supervises operations logging. Participates in lease development activities such as EIR scope preparation, permit processing, evaluation, delineation drilling from dual shipwrecks subsurface, selection and installation of production facilities and development drilling of platform wells. Prepares production forecasts and budgets.

☐ Degree in engineering. Minimum two years' operating or related engineering experience. ☐ APB Job No. BA-D-689 ☐ Salary Range (19,509-31,564), (21,362-34,540), (23,412-37,857) — based upon qualifications and experience of individual selected.
(Herb Jenkins, Bakersfield)

Planning/Senior Planning Engineer; Technical; ARCO Chemical Company — Lyondell Plant; Channelview, Tex.

Responsible for participating in formulating operational plans ranging from one week to five years in scope, analysis of deviations of plans to actual, and conducting special studies as required.

☐ Degree in chemical engineering with process experience in Olefins Chemical Plant or Refinery operation. ☐ APB Job No. BA-A-687 ☐ Salary Range (22,568-35,308), (27,144-42,452) — based upon qualifications and experience of individual selected.
(J. E. Bryant, Channelview)

Senior Safety Engineer; Health, Safety and Environment; Anaconda Copper Company; Denver.

As a member of Technical Services Group (within the Health, Safety and Environment Department), provides technical support and assistance to exploration, development and operating management in the area of industrial safety. Will be expected to provide substantial input to the design, implementation and evaluation of accident prevention and loss-control programs; conduct periodic field inspections; and recommend program and activities that will increase the general safety awareness of company employees with a goal of minimizing accident and accompanying losses.

☐ Degree or equivalent in engineering, industrial safety or other related disciplines and a minimum of five years of safety experience, preferably in mining or other operating environment. Previous supervisory experience is preferred and working knowledge of both MSHA and OSHA is highly desirable. ☐ APB Job No. hsb-T-680 ☐ Salary Range (25,686-41,529).
(David Cardenas, Denver)

alaska

In addition to standard Company benefits and compensation, employees transferring to an overseas Company assignment in Alaska are eligible for the following:

☐ *Alaska allowance of 45 percent of the first $2,000 per month, plus 25 percent of any monthly amount over $2,000.*

☐ *Allowance for North Slope assignment.*

☐ *Special Alaska moving policy.*

☐ *Annual Alaska vacation travel allowance for employee and family. Two weeks provided.*

Services Coordinator/Finder Services Coordinator; Safety and Operations Support; ARCO Oil and Gas Company; Prudhoe Bay.

Coordinate functions dealing with counter, building maintenance, housing, food service, transportation, visitor orientation, communications and mail. The overall objective is to ensure that each function is responsive to the needs of all departments at Prudhoe Bay.

☐ Degree or equivalent. Experience in directing recreation programs, building maintenance, air and ground transportation, food service and tour guiding is essential. Must have the ability to work in a remote field environment under arctic conditions. High level of interpersonal skills are absolutely necessary. ☐ APS Job No. BA-D-680 ☐ Salary Range (16,212-26,713); (17,756-28,676). — based upon qualifications and experience of individual selected.
(Lee Anderson, Prudhoe Bay)

Quality Control Supervisor; Quality Control (Facility Engineering); ARCO Oil and Gas Company; Prudhoe Bay.

Assist senior quality control supervisor in the supervision of the Control lab, which includes a small group of chemists, corrosion specialists, and contract specialists working long-term specific projects. Plans, coordinates, and solves problems for engineering and operations group. Organizes, plans and analyzes all written and/or verbal reports. Prepares budgets and plans long-range goals.

☐ Degree in chemistry or related field, sub five years' experience with oil field or refinery operation. Good communication skills, i.e., oral, written, and interpersonal required. Prior supervisory experience desired. ☐ APS Job No. DA-D-611 ☐ Salary Range (30,300-45,500). An external candidate search will also be conducted.
(Lee Anderson, Prudhoe Bay)

overseas

In addition to standard Company benefits and compensation, employees transferring to a foreign assignment in the International Division are eligible for the following:

☐ *Income tax free pay, or income bonus. Amount is expressed as a percentage of base salary ranging between 20 percent and 40 percent depending upon location of assignment.*

☐ *Free fringe benefit plan participation (i.e., Retirement, Hospitalization, Life) applies to combination of foreign service bonus and normal base salary.*

☐ *Thirty calendar days' annual vacation plus travel time with company paid family transportation. Employees with 10 or more years' company service receive 37 calendar days vacation plus travel time.*

☐ *Automobile purchase assistance in applicable locations.*

☐ *Hardship bonus. Amount of bonus varies 10-35 per day dependent upon number of consecutive days worked offshore.*

☐ *Subsidized housing.*

☐ *Cost-of-living allowance.*

☐ *U.S. and foreign income tax protection.*

Senior Drilling Engineer; Exploration and Production; ARCO International Oil and Gas Company; Jakarta, Indonesia.

Supervise on-site drilling operations. Participate in investigation, development, evaluation, logistics and planning for use of advanced drilling equipment, techniques and practices. Prepares technical reports, governmental permit applications, drilling cost estimates and drilling well plans.

☐ Degree in engineering. Five or more years' drilling experience required. Offshore experience is preferred. ☐ APS Job No. FA-C-206 ☐ Salary Range (35,684-41,329), (38,380-45,500) — based upon qualifications and experience of individual selected.
(Larry Gator, Los Angeles)

nevada moly project

The Nevada Moly Project is a 30,000 TPD Open Pit Mine and Mill Complex to recover Molybdenite and by-production of silver and copper from low grade traffic ore. The project is currently under development approximately 25 miles north of Tonopah, Nevada on the west slope of the San Antonio Mountains.

Planning and Scheduling Engineer; Nevada Moly Project; Anaconda Copper Company; Tonopah.

Responsible for planning, monitoring, and participating in management decision-making for mine development and construction planning and scheduling of the Nevada Moly Project. Prepares CPM schedules and performs statistical analysis of scheduling information to ensure the timely completion of all mine development and construction.

☐ Degree in civil/mining or equivalent plus a minimum of three years' experience in field construction and/or mining. Must have good communication and interpersonal skills for dealing with management and contractor personnel. Familiar with computer applications in scheduling functions. ☐ APS Job No. DA-T-400 ☐ Salary Range (19,510-31,544), (23,412-37,858) — based upon qualifications and experience of individual selected. An external candidate search will also be conducted.
(Larry Pangelot, Tonopah)

Contract Administrator; Nevada Moly Project; Anaconda Copper Company; Tonopah.

Responsible for the preparation and execution of contract and technical service agreements between the company and contractor involved with the development and construction of the Nevada Moly Project. Reviews and advises management of contract modifications and extensions. Ensures that contract changes are properly documented and authorized.

☐ Degree in engineering or business or equivalent plus a minimum of three years' related experience. Familiar with contracts involved with mining and/or major construction projects. ☐ APS Job No. BG-T-388 ☐ Salary Range (19,510-32,544), (23,412-37,858) — based upon qualifications and experience of individual selected. An external candidate search will also be conducted.
(Larry Pangelot, Tonopah)

positions filled

Accountant; BB-G-510; Irene Kinkow; Company nomination; from Accounting Clerk; ARCO Transportation Company; Long Beach.

Accounting Manager; BB-T-481; Irene H. Chiarell; Company nomination; from Supervisor, Budgets and Analysis; Anaconda Copper Company; Butte.

Analyst — NGL (3); BB-F-511; Louis F. Cocco, Jr.; Application; from A/Administrative Clerk; Corporate; Los Angeles. Grace B. Powell; Application; from Records Analysis and Reports Analyst; R&C, ARCO Petroleum Products Company; Los Angeles. Inda Jackson; Company nomination; from Records Analysis and Reports Analyst; R&C, ARCO Petroleum Products Company; Los Angeles.

Annuities Systems Analyst/Systems Analyst; BC-F-404; Gregory Wright; External Recruiting.

Chief Geologist; PA-C-377; Dennis B. Tower; Application; from Staff Geologist; ARCO International Oil and Gas Company; Los Angeles.

Civil Project Engineer; DD-O-158; Michael H. Gross; Application; from Senior Construction Engineer; ARCO Coal Company; Gillette.

Coordinator — Budget; BS-B-302; Cheryl L. Fleming; Application; from Budget Coordinator; Corporate; Los Angeles.

Construction Manager/Generals; DA-T-310; David J. Sofsky; External Recruiting.

Design Project Engineer — Sweeter; DD-T-105; Donald Golding; External Recruiting.

Director, Indian Affairs; BA-B-611; Jerry S. Jordan; External Recruiting.

Financial Analyst/Banker; BB-G-343; Roger Joseph; External Recruiting.

Manager, Field Accounting; BB-T-470; Reid V. Douglas; Application; from Administrative Manager; Anaconda Copper Company; Grants, N.M.

Procurement Scheduler; BG-T-420; Clement P. McCarty; External Recruiting.

Project Procurement Coordinator (2); BA-B-615; R. L. Bradshaw; Company nomination; from Production Supervisor; ARCO Oil and Gas Company; Prudhoe Bay. A. J. Williams; External Recruiting.

Senior Advisor, State Liaison; BA-T-518; Curtis Carter; External Recruiting.

Senior Analyst; BS-F-271; Irene T. Gaudinot; Application; from Planning Analyst; ARCO Coal Company; Denver.

Senior Representative, Public Affairs; BA-B-551; Susan Andrews; External Recruiting.

Senior Civil Engineer; DA-J-488; James Dugan; External Recruiting.

Staff Geologist; PA-T-212; Alan B. Shapiro; External Recruiting.

Supervisor, Operating Budgets and Analysis; BA-T-567; Jon Ramsey; Company nomination; from Senior Planning Analyst; Anaconda Copper Company; Denver.

Senior Engineer; BG-J-329; J. T. Trotter; External Recruiting.

Tuning up for a new test program

ARCO hopeful of becoming leader with Award franchise business

by Bill Stephens
associate editor

LOS ANGELES — It hasn't been a lazy summer for Fred Holgate. And it promises to heat up even more.

As project manager of the new Award Tune-Up Program, the Los Angeles-based Holgate is busy planning to test the program in Boston, starting October 1. He's spending early August in Boston introducing the program to marketing reps and lessee dealers, about 80 of whom will be offered a chance to convert their conventional service stations to franchise tune-up centers.

"We have a lot to do in the short time between now and October 1, and choosing the right dealers is going to be especially hard," says Holgate.

The tune-up idea has been around since the mid-1970s when ARCO began thinking about selling other items at service stations along with gasoline. A tune-up shop seemed a likely alternative at locations where a convenience food store wouldn't be successful or building permits couldn't be acquired. The tune-up concept was tested in 1979 at eight outlets in Cleveland with mixed results.

The catalyst to move ahead with the full-scale Boston test came six months ago when Marketing Senior Vice President George Batiliken returned from a tour of the Cleveland outlets. Batiliken, who's known for his decisive style, told his new marketing techniques people to get the tune-up program in gear — fast.

Batiliken has high hopes for the concept, which he thinks can capitalize on the ARCO name to ultimately co-tune industry leader Tuneup Masters.

So, for the last six months Fred Holgate has been getting ready for the Boston road show.

Landor and Associates was called in to develop a new tune-up center design. The San Francisco-based marketing design firm — which helped launch ARCO's successful am/pm food store franchise program — studied the tune-up program for weeks. "They found that people want quality, reliable work and convenience when it comes to tune-ups," says Holgate. "Landor came up with a new red, white and blue design and an approach to stress those factors."

Holgate drew on Landor's suggestions, other data, and ARCO's Cleveland experiences to come up with a new program. The new Award program will have some new twists. For instance, ARCO will guarantee all work done at the tune-up centers, which should satisfy consumer concern for quality and reliability. Also, the range of services will be expanded beyond tune-ups to include oil changes, and emission, charging, and starting system repairs.

"The expanded range of services is due to the new computerized diagnostic equipment we'll have at all the outlets," says Holgate. "The computer will test all these areas with speed and accuracy."

Another feature will be the use of an extensive ongoing ad program to support the Boston test.

Holgate is looking for a certain type person to run a tune-up outlet. "I'm looking for a businessman rather than a mechanic," he says. "I want someone who knows the importance of promotion and salesmanship as well as mechanics."

Once the dealers are chosen, they will be trained in computerized diagnostic equipment and tune-ups. Then, in September, the conventional stations will be converted to tune-up shops with gasoline dispensing islands. In October the program will be launched in the Boston area at 25 outlets, supported by a large-scale ad campaign. "We chose Boston because of the competitive stature of the market, and strong backing from our sales force. We also have a sufficient number of tune-up center candidates, which is necessary to pay for the ad campaign, but not so many that we can't quickly convert stations and control a test," says Holgate.

The first phase of the test will last through December, by which time Holgate should have a fair idea of how it's going. A mature unit should do $15,000 per month in gross sales. ARCO would have to analyze its position in December and make some decisions. Complete tune-ups including parts and labor go for $49. By the end of the year, the program will be expanded to about 60 units throughout Massachusetts.

If all goes well, Holgate says by the end of 1981 there could be 150 Award Tune-Up shops in two or three metropolitan areas. Ultimately there could be 500-700 Award Tune-Up shops around the country. "We could wage day match Tuneup Masters, and perhaps even become the largest tune-up center chain in the nation," Holgate says. "We also have the option of offering the program to contract dealers and garage owners."

Closed circuit

Small Los Angeles staff finds pleasure, pain in producing television programs for Atlantic Richfield

by Carol Johnson
staff writer

LOS ANGELES — For five days in mid-July, Gary Junken, manager of Teleproduction Services, averaged three hours of sleep a night working on a video project in Texas and Louisiana.

Junken flew home late on a Tuesday evening and got to bed about 3:30 a.m. A few hours later he was in his Los Angeles studio taping, and that night he stayed to put together the final product. Lunch came at 8 a.m., and by 8 the next morning he was showing the finished tape to a smiling client.

"I love my job," says Junken. But it's not everybody's idea of an ideal job.

"There is no such thing as a typical day here," says Junken, gesturing around the unique video center on the B level of ARCO tower, where a staff of six produces television programs for clients throughout the corporation.

Junken's mid-July experience may turn out to have been a good practice run for mid-August, when for three days things will really be jumping at Teleproduction Services. That's when the ARCO Jesse Owens national finals take place here, with the staff covering the activities of the visiting athletes from their arrival until a concluding banquet. One of the highlights of the banquet will be a video presentation featuring all the highlights of the busy three days.

"The kids go wild over it and that makes all those short nights and hectic days worthwhile," says Mary Jo Nowak, senior production/director at Teleproductions.

Last year, 76 shows were produced, and this year 80 are already completed or near completion. Projects range from a six-hour tape with Chinese subtitles for ARCO International Oil and Gas to a 30-second public service spot with George Kennedy. "Extreme dedication is the key element that makes so many projects possible from such a small staff," says Junken.

Most of the planning and creating of programs is done underground at ARCO Plaza in Los Angeles. Located there is an up-to-the-minute facility that contains the guts of the production end of TV, including a soundproof studio with all the latest cameras, lights and sound equipment; a Telecine room, where master taping and editing is done; a camera control room linked to the studio; an audio control room; a video control room and a repair area.

"This facility is as well equipped as a commercial studio and in some ways our capabilities surpass those of a commercial setting," says Junken.

"There are two ways you have to operate this equipment," says Nowak, "mechanically and creatively, and you must know how to do both." Junken testifies to the capabilities of his staff. "They are superb, talented and versatile," he says. Besides Nowak this "talent" includes John Drop, production assistant; Stan Pierce, chief engineer; and Westley Busch, production assistant/bench technician. Shirley Schierson is secretary and bookkeeper for the group.

About 35 percent of their work is done on location, and according to Nowak, this is where familiarity becomes a strain. "In a small group like this, working in an office is tight enough, but traveling and working 16 hours a day on a shoot can cause you to get just plain sick of your co-workers. We solve it by simply being honest and frank with each other," she says.

STUDIO WORK — Gary Junken (right), manager of teleproduction services, and Senior Production Director Mary Jo Nowak study a television show produced for Atlantic Richfield in the company's studio in Los Angeles. (Photo by Luis Gamble)

Location shooting has its pluses and minuses. It's fun to travel, but not with 12 trunks of equipment. Meeting new people is refreshing; shooting for 14 hours with new people is living. Filming beautiful scenery is a pleasure; waiting for days for the sun to come out to shoot the beautiful scenery is frustrating.

The Teleproduction staff is young. Nowak at 27 has climbed faster than even she had hoped. "I've never had a job before that I am anxious to go to every day," she says. "There are always so many different things to do and unlike commerical TV where jobs are segregated though unions, I can do it all. I direct, operate the cameras and other equipment, edit — everything."

She knows the center will grow and expand to do things they're not doing now. "One of the concepts I'm excited about is the possible hook-up of the cabling here at the towers so we can broadcast newscasts and live programs to employees. It would be an immediate kind of communication aimed toward total employee reception," she says.

Junken shares the same vision. "Television is so versatile and we know we're just scratching the surface," he says. "The great thing about TV is that everybody has knowledge of it. They know what it's supposed to look like. When information is given, they feel comfortable with it," says Junken. He too would like to see it used more for a tool for general employee communication. He says, "Just stick the TV in the corner and when something of importance comes up the three elements are ready: the information, the TV and the employee audience."

In the news: Gary Junken

Intense and ambitious are words that describe Gary Junken, manager of Teleproduction Services at Atlantic Richfield. But you'd have to add the words friendly and tolerant to round out the man and make the description more accurate.

Junken has been manager of Teleproductions since 1977, when he took the job after 16 years in commercial television in Bakersfield. He started as a page boy while still in high school. Following two years in the service he returned to Bakersfield and resumed his career in television. When he left he was a producer/director for KJ-TV.

"There are nine differences between working for a private concern and commercial TV," Junken says. "In commercial TV you live by the seconds of the clock. Everything has

to be precisely to the second. It's very restraining," says Junken. "Also in commercial TV you have to sell. Now I still have to please the client but the salesman is gone," he adds.

"I kind of imagined an 8-to-5 job when I came to Atlantic Richfield," he says, "but I've come to realize, it's just not the nature of TV."

Junken lives in San Pedro in an apartment directly across from the beach at Point Fermin. He relishes this spot and derives a lot of pleasure from this environment.

In contrast to his high-power job, his off-hour activities reflect a need for a change of pace — a type of recharging.

"I live alone. I really love the beach. I visit the tidepools frequently. I walk the beach. I bike. I read a lot," Junken says.

"One thing I don't do is watch TV. I don't even own a TV set."
— Carol Johnson

Page Seven

Suit contends DOE program cuts into dealers' profit margin

Continued from page one

North Slope crude ARCO refines. Chevron, which buys ARAMCO crude at well below the world price, is not required by the new rule to pay an entitlement to other refiners of higher cost crude.

As a result of the new rule, which affects all North Slope crude since May 1, 1980, more than under the prior rule. This means that while ARCO is passing through the same percentage of its cost to its dealers as Chevron is, Chevron's wholesale gasoline price to dealers is about seven cents below ARCO's.

Even staying open many more hours, ARCO dealers can only compete by cutting their profit margins. For example, a Chevron dealer paying a wholesale price of $1 per gallon can legally charge $1.17 per gallon (plus taxes) and make 17¢ profit. To match the Chevron dealer's pump price, an ARCO dealer who pays a wholesale price of $1.10 per gallon is only making a profit of 7¢.

Many ARCO dealers are winding up with thinner profit margins, higher pump prices and longer hours than the Chevron dealer across the sheet. "ARCO dealers have smaller profit margins, but higher operating costs," says Morse.

Chevron is already the dominant marketer in the West with a 17-percent market share compared to ARCO's 11 percent. And since July 3, Chevron has increased its market share at ARCO's expense. Morse says ARCO is worried that if the imbalance continues ARCO could lose market share, dealers and its current customer mix. He says ARCO's jet fuel customers now pay 9¢ per gallon more for ARCO than for Chevron jet fuel.

In early July ARCO dealers began complaining to their congressmen and to company marketing reps about the impact of the new entitlement ruling on their operations. After some strategy sessions, ARCO Marketing Senior Vice President George Babikian decided to put together a task force to try to get the rule changed. Dick Morse suggested that the DOE would be more sympathetic if ARCO stressed the hardship the new rule is causing ARCO dealers and distributors, who are independent business people.

One thousand dealers and distributors signed a petition in support of ARCO's request for relief. In mid-July the DOE granted the company a hearing on its request for a permanent exception to the entitlement program. ARCO is asking for an adjustment to the entitlement program that would force Chevron to re-distribute its ARAMCO cost advantage among all refiners in the form of an entitlement payment.

After the August 6 hearing date was set, lawyer Morse began preparing his argument. At the same time, ARCO Petroleum Products External Affairs Manager Jack Norberg began putting together a task force of 11 ARCO dealers and four distributors who will also attend the hearing to tell about the adverse impact of the new rule on them. ARCO Retail Marketing Vice President Ed Reilly will also testify about the long-range competitive effects of the new ruling. "We had no trouble getting dealers involved," says Norberg. "They felt so strongly about this that the dealers on our task force are paying their own way to Washington."

ARCO dealers have similar stories, including two who are going back to Washington to testify:

☐ Dealer Charles Miller, who has an am/pm franchise in Mission Hills, Calif., says that in the last month he's had to cut his profit margin from 16¢ to 8¢ per gallon. Despite tripling his hours of operation to 24 hours, his gasoline sales in the last month have dropped from 3300 gallons per day to 1400. His wholesale price has gone up 2¢ since the first of July. He says 8¢ is about the minimum profit margin he can survive on. He says the Chevron station down the street is selling all its allocation in relatively few hours.

☐ Dealer Lee Pierson, who has an am/pm franchise in San Diego, says, "We're being dumped on by the government which is creating favoritism with its rules." Pierson says he can't compete with the two Chevron stations he has on either side of him. In the last month his sales have dropped from 4600 gallons to 2800 gallons per day. His wholesale price is up 2¢. He's had to cut his profit margin 15 percent on regular and premium, and 75 percent on unleaded. At $1.25 per gallon for regular his prices are still about 8¢ higher than the Chevron stations. "It's a shame, because I was getting to where I could afford retirement and health benefits for my employees. Now that's in danger."

Morse explains that the DOE started the entitlements program in 1974 to equalize refiners' costs by entitling each refiner proportionately equal access to lower-cost controlled crude oil. But by 1979 the fall of Iran, the rise in world crude prices, and the wide variety of uncontrolled crude costs had rendered the entitlements program ineffectual in equalizing costs of crude oil.

By June 1979 North Slope crude was one kind of crude that had become a bargain. Because of the high production and transportation costs involved, refiners of North Slope crude received a special entitlement credit. So while ARCO was paying dearly for foreign crude — especially after the company lost 160,000 Iran barrels per day — the company was able to stay below the national average crude cost because of the bargain North Slope oil it refined. This Alaskan oil enabled ARCO to remain competitive with Chevron in the West.

But events taking place 2000 miles away in Ohio would change the situation. By 1980 SOHIO, with its access to large amounts of North Slope crude, had begun underselling competitors at the pump by 20¢ per gallon in Ohio. When Ohio distributors and dealers complained last March, the DOE decided to do away with the special subsidy that made North Slope crude a bargain. Starting July 3, 1980, refiners would have to pay an entitlement on each barrel of North Slope crude they refined from May 1, 1980 on. As a result, ARCO's crude costs are now higher than the national average, while Chevron's are still below the average.

67-746 O - 81 - 11

Around the company

A wrap-up of our operations

Senate vote on compromise Alaska lands bill delayed

WASHINGTON, D.C. — A last-minute filibuster by Alaska's Democratic Sen. Mike Gravel has delayed a vote on a compromise Alaska lands bill until after the two-week Democratic National Convention recess.

The delay could slow momentum for the compromise bill, which had been worked out after two weeks of discussion off the Senate floor where the debate began July 21. One group of Senators favored a bill putting 35 million acres of Alaska in a wilderness category and opening the Arctic Wildlife range to oil exploration. Another group favored amendments putting 65 million acres in a wilderness category and closing the Arctic Wildlife range to exploration. The compromise bill would place 40 million acres in wilderness and open the coastal plain of the Arctic range to scientific study in two years.

ARCO favors the compromise, which would also grant access to the Andler district, where Anaconda has mining interests. Gravel wants to kill any of the proposed bills, which he feels restrict too much land from development.

On Aug. 15, the day after the Senate recommenses, Senators will vote on a closure petition which would end Gravel's filibuster and prompt a vote on the compromise bill. During the recess, however, environmental forces could re-group and challenge the proposed compromise. The House passed its Alaska lands bill earlier this year. If the Senate can pass a bill before it recesses in October, key Senators and Congressmen would go into conference to try agree on a version that would be sent to the President.

□ □ □

LOS ANGELES — Dwight Gustafson, a senior geophysicist for ARCO International Oil and Gas, has been elected to a post on the Los Angeles Junior Chamber of Commerce board of directors. As director Gustafson will head up the activities of the Environmental Affairs Committee and help administer the affairs of the other 15 Junior Chamber committees.

Some of the projects of the Environmental Affairs Committee include the Los Angeles Marathon long distance race and seminars and outings pertaining to energy conservation. Gustafson has been a member of the Junior Chamber for four years. This is his second term on the board of directors.

□ □ □

PHILADELPHIA — For more than 17 years, ARCO Chemical's Bill Mann has pitched hints, taught scouting skills, and given tailoring advice to a never ending procession of Boy Scouts.

In June, his many contributions to the development of boys were formally acknowledged. Mann, manager of Personnel Planning and Development here, was presented with the Silver Beaver Award by the Valley Forge Council of the Boy Scouts of America. It is the highest award a local scouting council can give to an adult scouter for distinguished volunteer service.

Over the years Mann has been deeply involved with Cub Scout and Boy Scout programs. Currently, he's a Scout leader for a Boy Scout troop in his home town of Wallingford, Pa., and is active as an adviser to three area Cub Scout packs.

He says of these night meetings and monthly camping trips have been rewarding. "Some of the best experiences I had in my youth were in Boy Scout programs. I went other boys to have the same character building advantages scouting offers."

□ □ □

DALLAS — ARCO Oil and Gas Company network supervisor Howard Sartori has received the American Radio Relay League award for the best technical paper of 1979. The paper entitled "Solid Tubes — A new Life for Old Designs", illustrates how Sartori devised a new way to replace vacuum tubes with transistorized solid state parts. QST Magazine published the paper originally, and it has been reprinted in several publications around the world. Sartori was given the award at the Regional American Radio Relay League Convention held here recently.

□ □ □

ANACONDA, Mont. — Lee "Skipper" Kelly, president and general manager of the Butte, Anaconda and Pacific Railroad, retired last month after more than 44 years with the railroad. Kelly began working full-time in 1979 in accounting. He rose to bookkeeper, private secretary to the general manager, chief clerk, assistant secretary, and vice president and director. He assumed his most recent post in 1973.

SCOUTS — ARCO Chemical's Bill Mann was honored recently for his work with the Boy Scouts of America with the Silver Beaver award, the highest honor paid by the BSA to an adult volunteer leader.

DALLAS — Was that William Shakespeare wearing that hard hat? What's bardolatry? "VLT" power? Those were typical questions asked by the approximately 1600 company employees and their families and friends who attended two "ARCOnights" at the Shakespeare Festival held here recently. "The Merchant of Venice" was performed July 22 and "Taming of the Shrew" on July 23. Those who attended the plays soon learned that they were actually practicing bardolatry by being admirers of the works of Shakespeare. The two events were held outdoors at Fair Park in Dallas and were voluntarily staffed by 28 company employees. Both evenings, which were free to employees and their guests, were made possible by grants to the Festival by the Atlantic Richfield Foundation and Atlantic Richfield Company.

Acknowledgments

Published weekly by the Employee Communications Department, Corporate Employee Relations, for retirees and employees of Atlantic Richfield Bin Ed Thomas, bureau, ARCO Oil and Gas, Dallas.

Ken Eaton, Managing Editor

Shel Hallis, Assistant Editor
Bill Shepherd, Assistant Editor

Ben Miller, Senior Editor (Philadelphia)
Helen Stewart, Senior Editor (Dallas)

Main editorial office: Room 1107, ARCO Tower, 515 S. Flower St., Los Angeles, Calif. 90071. Phone: (213) 486-3000.

Other offices: Room 2712-H, Centre Square, 1500 Market St., Philadelphia, Pa. 19101; Room 1047, Insurance Plaza Bldg., P.O. Box 2819, Dallas, Tex. 75221; and The Anaconda Tower, 555 Seventeenth St., Denver, Colo. 80217.

AtlanticRichfieldCompany

515 S. Flower St.
Los Angeles, CA 90071

BULK RATE
U. S. POSTAGE PAID
PAID
PERMIT NO. 9
ANACONDA, Mt. 59711

FOR FEDERAL SERVICE USE ONLY. DO NOT USE FOR PERSONAL COMMUNICATIONS

RI 8144

Bureau of Mines Report of Investigations/1976

Smelting of Arseniferous Copper Concentrate in an Electric-Arc Furnace

UNITED STATES DEPARTMENT OF THE INTERIOR

Report of Investigations 8144

Smelting of Arseniferous Copper Concentrate in an Electric-Arc Furnace

By D. L. Paulson, W. Anable, W. L. Hunter, and R. S. McClain
Albany Metallurgy Research Center, Albany, Oreg.

UNITED STATES DEPARTMENT OF THE INTERIOR
Thomas S. Kleppe, Secretary

BUREAU OF MINES
Thomas V. Falkie, Director

The work upon which this report is based was done under a cooperative agreement between the Bureau of Mines, U.S. Department of the Interior, and ASARCO Incorporated.

This publication has been catalogued as follows:

Paulson, Danton L.

Smelting of arseniferous copper concentrate in an electric-arc furnace, by D. L. Paulson [and others. Washington] U.S. Bureau of Mines [1976]

30 p. illus., tables. (U.S. Bureau of Mines. Report of investigations 8144)

Based on work done under a cooperative agreement with ASARCO Incorporated.

1. Copper. I. U.S. Bureau of Mines. II. Title. III. Title: Arseniferous copper concentrate. (Series)

TN23.U7 no. 8144 622.06173

U.S. Dept. of the Int. Library

SMELTING OF ARSENIFEROUS COPPER CONCENTRATE IN AN ELECTRIC-ARC FURNACE

by

D. L. Paulson,[1] W. Anable,[2] W. L. Hunter,[3] and R. S. McClain[4]

ABSTRACT

The Bureau of Mines studied the feasibility of producing copper matte in an electric furnace from blends of copper concentrate similar to those currently smelted in a gas-fired reverberatory system at an installation in Tacoma, Wash. A 800-kva electric-arc furnace was used to determine the distribution of constituents when arseniferous concentrates are being smelted in an electric-arc furnace.

Test results from smelting 40 tons of materials indicated that electric smelting is more like a conventional gas-fired system than originally expected. Although gas composition over the molten bath is much different in an electric furnace, the secondary constituents such as arsenic, lead, zinc, and antimony behaved the same as in a reverberatory furnace. The results established that an electric furnace would be compatible with sulfur and particulate recovery facilities that are being used.

INTRODUCTION

Copper smelting practice has not changed much over the last century. Little attention has been paid to the gas-fired reverberatory furnace because it has traditionally represented only about 10 percent of the total cost of producing copper from its ores. However, the emphasis on air pollution control, fuel shortages, and costs have generated interest in alternative smelting practices. Electric furnace smelting to produce copper matte is among the leading contenders.

The configuration and materials handling for an electric smelting furnace (fig. 1) is quite similar to a reverberatory smelting furnace (fig. 2). However, the production of sulfuric acid, liquid SO_2, or in some cases elemental sulfur as copper-smelting byproducts can be achieved at less expense due to

[1] Metallurgist.
[2] Chemical engineer.
[3] Supervisory metallurgist.
[4] Physical science technician.

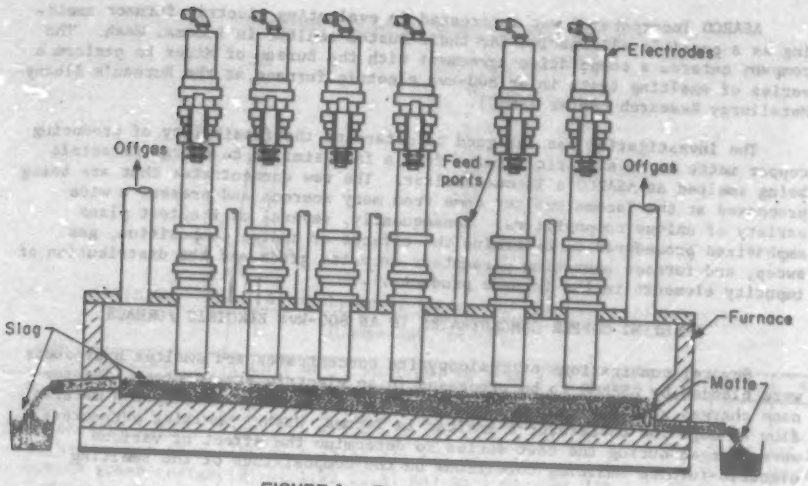


FIGURE 1. - Electric smelting furnace.

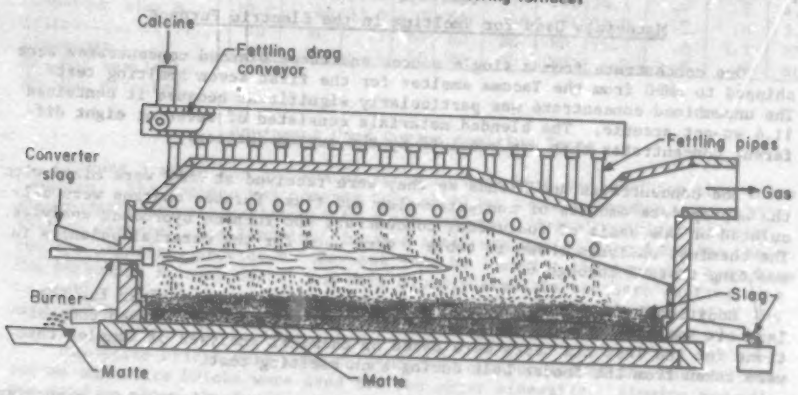


FIGURE 2. - Gas-fired reverberatory furnace.

lower gas volumes and higher SO_2 concentrations in the gases from an electric smelting furnace.

ASARCO Incorporated was interested in evaluating electric furnace smelting as a possible alternative for their custom smelter in Tacoma, Wash. The company entered a cooperative agreement with the Bureau of Mines to perform a series of smelting tests in an 800-kva electric furnace at the Bureau's Albany Metallurgy Research Center (AMRC).

The investigation was designed to determine the feasibility of producing copper matte in an electric furnace from a feed similar to charge materials being smelted at ASARCO's Tacoma smelter. The raw concentrates that are being processed at the Tacoma smelter come from many sources and present a wide variety of unique compositions. Consequently, several of the test plans emphasized procedures to determine the effects of charge composition, gas sweep, and furnace operating parameters on matte grade and the distribution of impurity elements in the furnace products.

SMELTING COPPER CONCENTRATES IN AN 800-kva ELECTRIC FURNACE

Several combinations of chalcopyrite concentrates and smelter byproducts were blended by ASARCO to be processed in an electric arc furnace. The furnace charges were calculated to simulate the present and anticipated material flow through the cooperator's smelter in Tacoma, Wash. Smelting parameters were changed during the test series to determine the effect of various electric-furnace smelting conditions on the compositions of the smelting products.

Materials Used for Smelting in the Electric Furnace

One concentrate from a single source and three blended concentrates were shipped to AMRC from the Tacoma smelter for the first seven smelting tests. The uncombined concentrate was particularly significant because it contained 11.4 wt-pct arsenic. The blended materials consisted of seven or eight different concentrates that are received by the custom smelter.

The concentrates and blends as they were received at AMRC were mixed with the appropriate amounts of converter slag and flux; furnace charges were calculated on the basis of individual concentrate and furnace byproduct analyses. The chemical analyses shown in table 1 were used for the material balances in smelting tests 1 through 6.

Additional furnace charges were blended at the Tacoma smelter for the last six smelting tests and some additions were made at AMRC. Feed compositions for the last six tests were based on chemical analyses of samples that were taken from the feeder belt during each smelting test.

The feed materials for all tests included amounts of pulverized converter slag equivalent to the amounts of molten slag that return to ASARCO's reverberatory furnaces. Therefore, the predicted amount of iron reporting to the matte was equal to the iron in the converter slag that was being added. That parameter is necessary to maintain a balanced flow through the entire smelter and was adhered to throughout the investigation. Fourteen tests were made to smelt furnace charges containing the following components:

Component	Range of compositions, wt-pct
Cu	19.7 -22.5
As	.94- 6.3
Fe	15.7 -26.7
Pb	1.5 - 3.3
Zn	.80- 1.5
Sb	.24- .78
Ni	.15- .34
SiO_2	11.0 -18.9
CaO	.32- 2.3
Al_2O_3	.25- 1.7
S	17.6 -24.4

TABLE 1. - Chemical analyses of the copper furnace feed materials

(Component, wt-pct)

Material	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Arseniferous concentrate.....	31.4	11.4	14.6	NA	NA	NA	NA	4.0	1.3	0.9	35.3
Herreshoff calcine..	28.4	3.2	21.5	1.3	1.23	0.78	0.05	5.6	2.4	1.8	26.8
High-As green charge	23.2	4.13	23.5	1.4	1.25	.59	.04	5.10	.8	1.9	34.0
Low-As green charge.	23.4	1.92	22.3	NA	NA	NA	NA	14.3	2.93	1.62	26.4
Converter slag A....	15.4	.28	33.4	5.4	1.58	.78	.40	24.1	.4	.8	4.6
Converter slag B....	12.9	.44	33.3	4.7	NA	.46	.51	22.0	.7	.8	3.7
Silica.....	ND	ND	.7	ND	ND	ND	ND	96.7	.6	2.3	ND
Limestone.....	ND	ND	.4	ND	ND	ND	ND	.2	56.6	.3	ND

NA--Not available.
ND--Not detected.

Equipment Used During Smelting Tests

Figure 3 shows the 800-kva electric furnace that was used for this investigation. The furnace was powered through three 4-inch-diameter graphite electrodes that were positioned in a conventional "delta" configuration on 12-inch centers. A cylindrical furnace shell was modified to increase the furnace capacity, provide a quiescent zone by locating the tapholes away from the turbulent furnace delta, and more closely simulate the bath surface area to depth ratio of a production unit. Figure 4 is a schematic drawing of the modified furnace shell.

Magnesite bricks were used to line the bath portion of the furnace and chrome-magnesite bricks were used for the upper sidewalls. Alumina ram-mix was used to slope the furnace hearth and for the arched roofs over the rectangular furnace extensions. The hearth area was 14.3 square feet and the lined furnace could contain approximately 3,000 lb of molten bath.

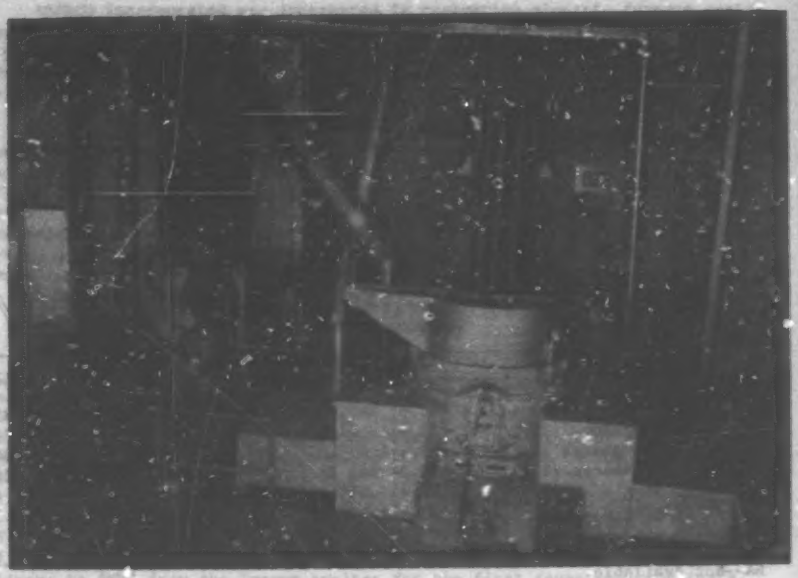


FIGURE 3. - 800-kva electric-arc furnace.

The charge material was gravity fed through the furnace roof and the feed rates were controlled with a 4-inch-wide variable speed belt feeder. A stainless steel feed chute that extended (inside the furnace) from the roof line half way to the furnace hearth was installed for some smelting tests to protect the free-falling feed material from the smelting atmosphere.

The small baghouse to the left of the furnace in figure 3 was installed to quantitatively collect the entrained fines from the furnace offgases. The baghouse was connected to the furnace by the offgas analyses train shown in figure 5. The offgas analyses train was equipped with an infrared gas analyzer to continuously monitor SO_2 levels and a magnetic susceptibility oxygen analyzer that was used periodically during each test. After the smelting offgases had passed through the water-cooled tower, very little ambient air had to be added to keep the baghouse temperature below 200° C.

The plenum and tapping pit hoods that are connected to the furnace in figure 3 were evacuated by a 7,500-cfm fan that exhausted into a positive pressure cyclone and baghouse system. Sulfur dioxide was removed from the dust-free offgases in a countercurrent scrubber in which sodium carbonate solution percolated down through a packed bed.

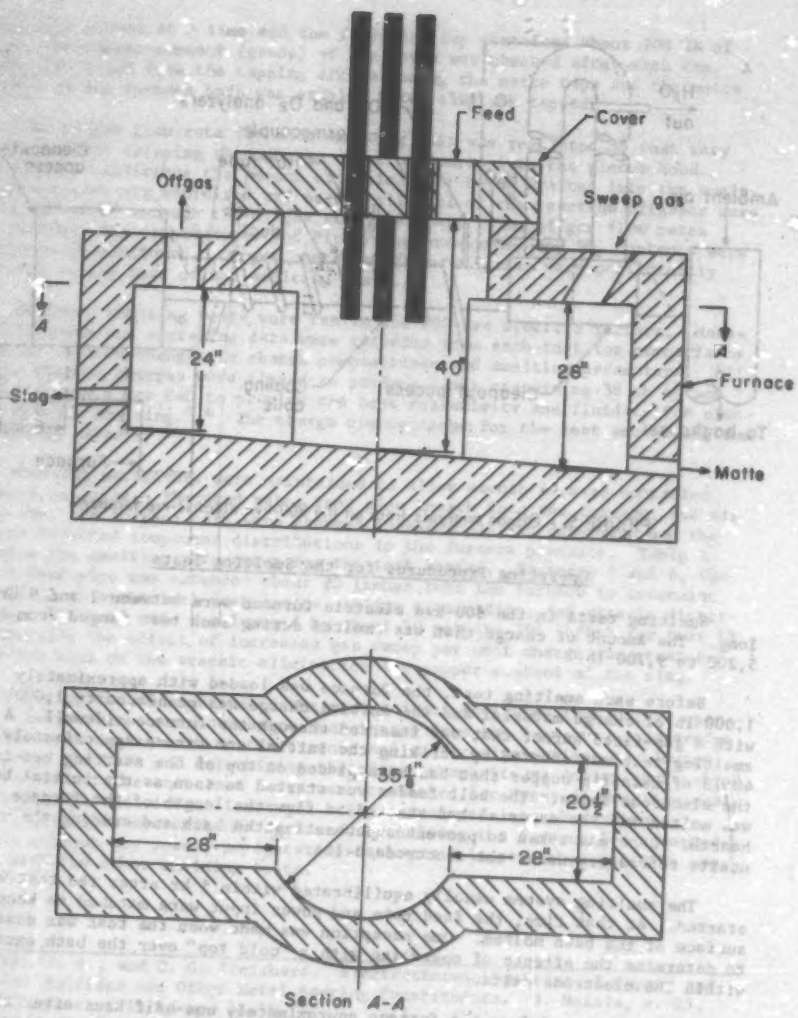


FIGURE 4. - Schematic drawing of the modified furnace shell.

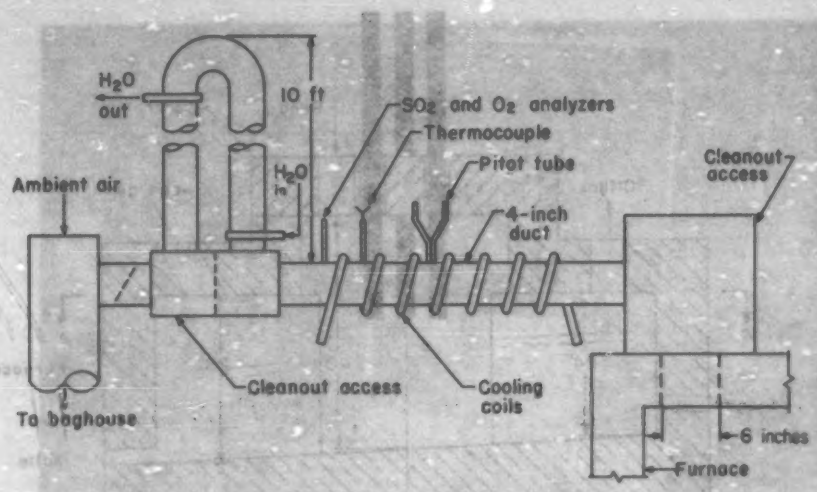


FIGURE 5. - Offgas analysis train on the 800-kva electric-arc furnace.

Operating Procedures for the Smelting Tests

Smelting tests in the 800-kva electric furnace were between 7 and 9 hr long. The amount of charge that was smelted during each test ranged from 5,200 to 9,700 lb.

Before each smelting test, the furnace was loaded with approximately 1,000 lb of charge material and the initial charge was preheated to 1,000° C with a gas-fired burner that was inserted through the furnace sidewall. A smelting test was started by striking the initial arc across approximately 40 lb of metallic copper that had been placed on top of the starting bed in the electrode delta. The belt feeder was started as soon as the initial bed was molten and the material had started to flow the length of the furnace hearth. Care was taken to prevent superheating the bath and eroding the magnesite refractory under the electrode delta.

The smelting system usually equilibrated within 1 hr after the test was started. At that time, the feed rate and power input were matched to keep the surface of the bath molten. One exception was made when the test was designed to determine the effects of operating with a "cold top" over the bath except within the electrode delta.

Slag was tapped from the furnace approximately one-half hour after the smelting system had reached equilibrium. Alternate matte and slag taps were made during the remainder of a smelting test. Generally, about 1,200 lb of

8

matte were poured at a time and the following tap contained about 700 lb of slag. The copper content (grade) of the matte was checked after each tap. A sample was taken from the tapping stream during the matte taps and the matte portion of the furnace bath was sampled after slag was tapped.

The offgas flow rate for each smelting test was regulated so that very little gas was escaping through the electrode ports into the plenum hood. Under these conditions the amount of ambient air being drafted into the smelting atmosphere was minimized and essentially all of the reaction offgases were being exhausted through the offgas analysis train. The offgas flow rates (calculated from temperatures and Pitot tube pressures) and SO_2 contents were continuously monitored. Oxygen contents of the offgases were periodically measured during most of the smelting tests.

Fourteen smelting tests were run in the 800-kva electric furnace. Material balances and operating data were recorded from each test for comparisons based on related changes in charge compositions and smelting parameters. All of the blended charges were fluxed to produce slags containing 38 to 40 pct SiO_2 and 4 to 6 pct CaO to provide the best resistivity and fluidity for electric furnace smelting.[5 6] The charge compositions for the test series are summarized in table 2.

Smelting parameters were maintained to allow smooth furnace operation whenever possible. The feed rate, feed pipe length into the furnace, and air sweep over the furnace bath were changed independently to determine how the changes affected component distributions in the furnace products. Table 3 contains the smelting parameters for the test series. In tests 5 and 6, the charge feed pipe was extended about 20 inches into the furnace to determine its effect on mechanical dust losses, sulfur elimination, and arsenic distribution. The feed rate was lowered by about 50 pct (to 791 lb/hr) for test 13 to determine the effect of increased gas sweep per unit charge and greater retention time on the arsenic elimination and copper content of the slag.

Smelting test 8 represented the most radical deviation from normal operation. The test was run to measure heat losses from the furnace and determine the effect of ambient air on the arsenic and sulfur eliminations by blowing argon over the bath and determining the offgas compositions during that period. Grab samples of the entrained dusts were collected for X-ray diffraction analyses both with and without inert gas being introduced into the system. Because heat loss measurements were made by holding the furnace for extended periods without any power, no operating data were collected that could be compared with the other smelting tests.

---

[5] Persson, J. A., and D. G. Treilhard. Electrothermic Smelting of Copper and Nickel Sulfides and Other Metal Bearing Constituents. J. Metals, v. 25, No. 1, January 1973, pp. 34-39.

[6] Treilhard, D. G. The Jinja Copper Smelter. Can. Min. and Met. Bull., v. 59, No. 645, 1966, pp. 63-72.

TABLE 2. - Charge compositions for smelting tests

Test	Head sample analyses, pct											Moisture
	Pb	Cu	Zn	As	Sb	Ni	SiO_2	Fe	CaO	S	Al_2O_3	
1	2.5	25.2	1.3	2.3	0.77	0.15	11.0	24.8	1.8	20.0	1.5	NA
2	2.9	22.7	1.3	2.0	.77	.18	14.5	25.8	1.6	17.6	1.4	0.8
3	2.8	20.1	1.3	2.4	.62	.18	15.7	25.6	2.3	20.3	1.4	.8
4	2.8	20.1	1.3	2.4	.61	.17	15.8	25.7	2.3	20.4	1.5	1.06
5	2.8	20.1	1.3	2.4	.62	.18	15.7	25.6	2.3	20.3	1.4	.8
6	3.3	22.3	1.5	2.9	.4	.21	14.7	26.7	.81	19.5	1.6	.8
7	2.2	20.2	1.2	2.3	.50	.18	14.3	25.3	1.1	19.9	1.6	.8
8	1.7	25.8	1.0	2.1	.42	.34	15.8	24.0	.16	18.5	1.6	NA
9	1.5	21.1	1.1	6.3	.78	.18	14.8	15.7	1.6	24.4	.62	3.0
10	2.2	19.7	1.1	.94	.24	.31	18.9	25.2	.66	19.1	1.7	1.0
11	2.7	20.1	1.1	1.0	.57	.24	NA	21.4	NA	18.0	NA	NA
12	2.4	21.0	1.2	2.4	.40	.24	15.5	26.2	.32	18.9	.25	NA
13	1.8	23.0	.80	4.1	.50	.18	13.9	21.5	1.9	22.8	1.1	NA
14	1.9	22.5	1.0	3.9	.66	.19	12.1	22.0	NA	20.4	1.2	NA

NA--Not available.

TABLE 3. - Average operating parameters for smelting tests

Parameters	Test													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Smelting rate (lb/hr)	973	907	1,015	1,181	934	1,087	1,120	NA	1,023	1,068	1,123	1,238	791	1,195
Equivalent smelting rate (lb/ft² bath/hr)	66	62	69	80	64	74	76	NA	70	73	76	84	34	81
Offgas volume (scfm)	97	97	97	114	99	107	101	NA	103	116	117	115	121	116
Equivalent offgas volume (scfm/ft² bath)	6.6	6.6	6.6	7.8	6.7	7.3	6.9	NA	7.0	7.9	8.0	7.8	8.2	7.9
Offgas temperature (° C)	599	641	672	679	710	720	689	NA	620	700	695	667	714	732
Mean bath temperature (° C)	1,190	1,207	1,237	1,185	1,205	1,220	1,164	NA	1,070	1,205	1,275	1,263	1,270	1,266

NA--Not available.

Results of Smelting Tests

Smelting tests in the 800-kva electric furnace included as many as five matte taps that were generally followed by a slag tap. Matte that was tapped from the furnace usually contained some slag and vice versa. Therefore, the smelting products were carefully separated after cooling and each component was analyzed and its composition recorded separately. The analytical results reflected the inadvertent fluctuations in feed rates, bath temperatures, and other smelting parameters as well as the intentional changes that were made. All of the analytical data were compiled into the material balance sheets in appendix A. The total accountabilities for each component include accumulations of the sampling and analytical errors inherent to working with relatively large amounts of nonhomogenous products as well as some dust losses during the smelting tests.

The total weight that was recovered of each component was used to calculate the distribution of the component between matte, slag, and "process" dust that occurred in each test.

The composite analyses shown in tables 4, 5, and 6 are based on weighted averages of the values included in appendix A. These compositions relate more closely to the intentional changes in smelting parameters that were made during the test series.

TABLE 4.--Matte compositions

Test	Cu	Pb	Zn	As	Sb	Ni	Fe	S
1	47.1	4.53	0.92	1.01	0.64	0.49	18.4	24.5
2	47.1	4.30	.88	.79	.65	.74	18.3	23.0
3	38.7	3.96	1.21	1.08	.56	.44	26.7	25.8
4	36.8	4.83	1.32	1.34	.76	.41	25.6	25.1
5	39.5	4.30	.95	.95	.83	.48	24.9	25.6
6	34.3	3.34	1.22	.93	.59	.32	30.0	26.1
7	33.4	4.31	1.15	.70	.63	.28	30.7	25.6
8	NA	NA	NA	NA	NA	NA	NA	NA
9	40.0	3.36	.81	1.61	1.18	.37	24.4	25.7
10	36.6	3.31	.88	.63	.60	.42	28.8	25.1
11	38.0	4.07	.77	.67	.68	.45	27.1	24.8
12	36.4	3.47	.92	.99	.67	.41	28.0	24.7
13	38.1	2.89	.89	1.35	.59	.27	24.3	23.4
14	36.1	3.02	.91	1.42	.77	[illegible]	25.6	25.1

NA--Not available.

TABLE 5. - Slag compositions

Test	Cu	Pb	Zn	As	Sb	Ni	Fe	S	SiO_2	CaO	Al_2O
1.....	1.31	0.75	1.79	0.63	0.46	0.04	35.1	1.41	34.5	4.80	3.7
2.....	1.78	1.18	1.59	.56	.49	.06	38.0	1.65	38.5	3.06	3.1
3.....	3.07	.98	1.29	.44	.33	.05	30.2	1.47	41.1	3.14	3.7
4.....	2.33	1.18	1.49	.51	.26	.03	30.3	2.09	40.8	3.47	3.0
5.....	.62	.65	1.31	.34	.21	.03	30.6	1.08	42.3	3.41	3.4
6.....	.57	.83	1.38	.32	.33	.02	27.0	.97	43.3	4.09	4.8
7.....	.58	.94	1.44	.32	.22	.06	27.0	.90	43.3	3.85	4.2
8.....	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9.....	3.26	.78	.81	.61	.08	.07	27.2	1.37	35.1	3.36	2.8
10.....	.84	1.61	1.06	.17	.34	.03	28.4	1.01	49.8	.70	3.6
11.....	1.12	1.04	1.06	.23	.19	.03	31.9	1.28	49.4	1.01	3.4
12.....	.90	1.03	1.16	.30	.12	.06	32.5	1.19	42.9	.99	3.0
13.....	.83	.30	.99	.36	.16	.03	29.0	.99	42.5	5.30	3.2
14.....	.79	.53	1.12	.37	.13	.06	26.4	.87	44.4	5.40	3.4

NA--Not available.

TABLE 6. - Baghouse dust compositions

Test	Cu	Pb	Zn	As	Sb	Ni	Fe	S	SiO_2
1.....	9.05	3.50	1.70	44.0	2.56	0.02	8.41	7.56	1.87
2.....	9.37	5.10	2.05	42.2	2.50	.03	9.57	6.75	1.10
3.....	3.38	4.80	2.18	36.3	3.21	.01	7.8	4.26	1.02
4.....	4.71	5.75	3.36	50.1	3.40	.02	4.3	3.66	NA
5.....	1.69	7.30	4.00	54.4	4.10	.01	2.3	2.3	12.8
6.....	1.42	7.50	3.35	55.2	3.30	NA	5.6	7.98	.71
7.....	2.74	7.00	3.30	52.9	3.40	NA	2.3	6.34	NA
8.....	NA	NA	NA	NA	NA	NA	NA	NA	NA
9.....	3.84	1.36	2.61	55.6	2.35	NA	3.09	2.66	1.20
10.....	3.3	16.2	5.8	27.9	2.77	.02	6.3	7.60	1.97
11.....	6.4	13.9	7.6	24.1	3.07	.02	5.3	7.90	NA
12.....	6.7	7.20	3.71	37.7	2.49	.01	7.26	7.71	2.31
13.....	6.3	3.70	2.10	47.0	2.67	.02	4.94	7.00	2.76
14.....	5.6	3.50	1.63	48.4	2.08	NA	17.6	9.30	NA

NA--Not available.

In addition to the general distribution of the charge constituents during electric furnace smelting, the investigation stressed the effect of smelting conditions on arsenic distribution and sulfur elimination. Figure 6 is a graphic description of smelting test 3 that typifies how each test was evaluated regarding the relationship between the furnace operation and offgas compositions. The rapid response that was exhibited by the SO_2 monitoring system to the termination of feeding indicates the reliability of offgas data. Average bath temperatures were determined for table 3 by measuring the area under the curves (as shown for test 5 in fig. 6) and dividing by the total elapsed time. Table 7 summarizes the resultant operating data, related SO_2 eliminations, and arsenic distributions.

TABLE 7. - Operating data from smelting tests

Data	Test 1	2	3	4	5	6	7	8	9	10	11	12	13	14
Average SO_2 content of off-gas (pct SO_2):														
During feeding....	NA	9.6	10.3	10.9	17.8	12.1	16.0	NA	15.5	13.1	14.0	16.8	13.7	15.7
During holding....	NA	3.8	4.4	3.1	7.1	5.6	7.5	NA	7.2	7.1	7.6	9.9	6.3	6.0
Sulfur elimination (pct of input).....	NA	NA	NA	NA	37	29	25	NA	NA	33	37	35	46	34
Arsenic distribution (pct of input):														
In flue dust.....	39.8	62.7	63.9	57.5	61.1	38.3	47.9	NA	41.1	49.8	45.0	58.3	65.2	68.2
In matte.....	42.3	22.7	28.2	34.3	23.3	22.0	22.5	NA	17.6	34.3	30.5	25.4	20.5	25.9
Power consumption (kwhr/ton).....	387	417	398	390	512	471	504	NA	482	441	494	428	658	475
Electrode consumption (lb/ton).....	10.1	12.7	11.1	8.1	13.5	13.1	11.4	NA	12.5	12.9	9.5	11.6	18.0	13.7

NA--Not available.

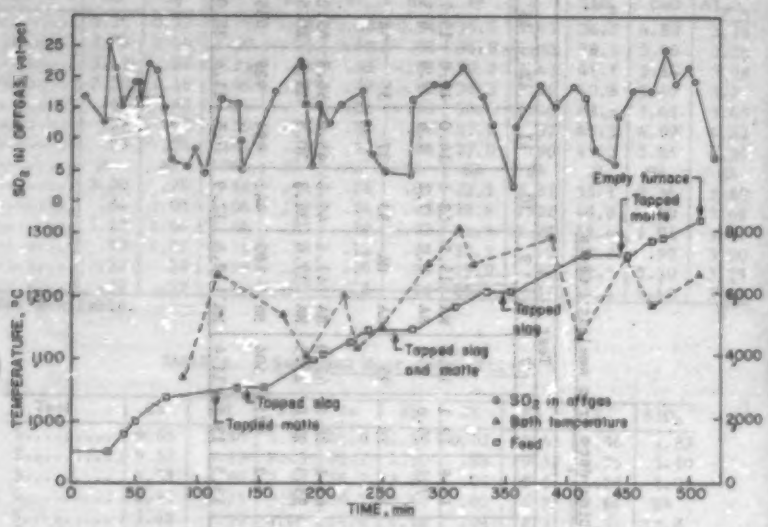


FIGURE 6. - Graphic description of smelting test 5.

After the offgas flow rate was balanced with the gases being evolved fro the smelting reaction, the flow rate was approximately 100 scfm during each test. The offgas equivalent ranged from 8,400 to 13,455 scf/ton of charge depending on the smelting rate that occurred during a specific test.

Incremental offgas flow rates and SO_2 concentrations were used to calculate [(scf SO_2/min) (time)] the sulfur eliminations that are included in table 7. The reliability of the values was checked as follows by calculating sulfur accountabilities for the tests from which sufficient data were available:

Test	S in charge, lb	S in products, lb	S in offgases, lb	S accounted for, pc
5	1,693	1,181	625	107
6	1,624	1,355	467	112
7	1,635	1,320	558	115
10	1,612	1,109	524	102
11	1,599	907	585	93
12	1,843	1,367	646	109
13	1,193	668	350	102
14	1,641	1,162	558	105

Flue samples of the entrained solids were collected only during smelting test 8. The first dust sample was taken from the offgas stream after the system had equilibrated under normal smelting conditions. Then a 25-scfm stream of argon was blown over the bath to prevent ambient air from entering the system and a second particulate sample was taken from the offgas stream. After the argon flow was stopped, the flow rate in the offgas stream was reduced from approximately 100 to 50 scfm and a third particulate sample was taken. X-ray diffraction analyses of the entrained fines identified As_2O_3 as the primary arsenic phase in all three samples, and traces of As_2S_2 were found in the samples that were taken while injecting inert gas and when the offgas flow rate was reduced. It is apparent that the elimination of arsenic is not dependent on ambient air being introduced during the smelting process.[7] Arsenic analyses of the smelting products did not indicate any affect from the changes that were induced in the smelting environment.

The power consumption data in table 7 were calculated from the power input during actual smelting and the associated time. In order to approximate a continuous operation, the power consumed while melting the furnace nest and during unavoidable delays was not included in the calculations. A bath temperature cooling curve was established from immersion thermocouple measurements that were taken with the power off during smelting test 8. However, the values that were collected could not be correlated with the operating power inputs or with the power levels that required to maintain bath temperatures under the same furnace conditions.

DISCUSSION

The test results indicated that the matte grade (copper content) was primarily determined by the chemical compositions (Cu, Fe, S, and O) of the furnace charges. As shown in appendix A, the first matte that was tapped from the furnace in some tests was appreciably higher in copper content than matte from later taps. This was caused by the metallic copper plate that was used for startup and by some roasting of the initial charge while preheating the furnace. The two following smelting variables clearly influenced the matte grade:

1. Matte grade was increased by increasing the gas sweep over the furnace bath as indicated by the offgas volume per ton of charge smelted.

2. The matte grade was higher as the SiO_2 contents of the furnace charges increased over the range from 11 to 19 pct.

There is some question as to whether the SiO_2 content actually affects the matte grade or whether other conditions occurring simultaneously are responsible.

Heat is generated in the electric smelting furnace by current flowing through the molten slag. Consequently, the electrical properties of the slag

[7]Mellor, J. W. A Comprehensive Treatise on Inorganic and Theoretical Chemistry. Longmans Green and Co., v. 9, 1947, 967 pp.

are very important. The charges for the smelting tests were fluxed to produce slags containing from 38 to 40 pct SiO_2. However, many of the charges were fluxed on the basis of predicted chemical compositions and sulfur eliminations. The resultant SiO_2 contents ranged from less than 34 to over 55 pct. The wide range did not cause any serious operational problems, but slag with SiO_2 contents over 43 pct were quite viscous and hard to tap while the slags that contained less than 35 pct SiO_2 caused electrode-arc instability. The results indicated slags containing 36 to 42 pct SiO_2 promote steady power conditions and fluid smelting products at normal operating temperatures.

Copper contents of the electric furnace slags ranged from 0.57 to 3.26 pct which is much higher than the 0.4 to 0.5 pct copper contained in the reverberatory slags from a commercial operation. Although the higher copper losses can be partially attributed to high slag viscosities, the furnace configuration and experimental practice were probably the principal factors contributing toward high copper slags. The turbulence that is characteristic of an electric smelting furnace[8] and the close proximity of the tapping holes to the furnace delta (fig. 4) caused excessive entrapment of matte prills in the electric furnace slags. Bath depths that were maintained in the 800-kva furnace made it necessary to tap too close to the slag-matte interface. Consequently, some matte was removed during slag taps and vice versa. The resultant mixing contributed to the high copper contents of the slags.

It was confirmed that relatively high concentrations of SO_2 can be obtained in electric furnace offgases by controlling the volume of air flowing into the furnace. In the seven tests that included the best sulfur accountability data, a smelting rate of 102 $lb/ft^2/hr$ produced an average of 11.3 pct SO_2 in the offgases. It is anticipated that offgases containing 4 to 8 pct SO_2 would be produced when smelting similar materials at slower rates in a commercial electric furnace.[9]

The distributions of contained impurities and byproduct elements can be followed in appendix A. With the exception of arsenic which reports more readily to the copper matte, the distribution of impurities and byproduct elements in the electric furnace products appeared to be about the same as in a commercial reverberatory furnace.

From 38.3 to 68.2 pct of the contained arsenic was eliminated by fuming and 1.5 to 11.8 pct was lost to the slag during the smelting process. Figure 7 shows that the amount of arsenic contained in the flue dust was directly proportional to the arsenic content of the furnace charge. Generally, the inverse was true for the amount of arsenic in the slag. Changes in offgas volumes and air sweep through the furnace did not have any appreciable effect on the arsenic distribution.

---

[8] Barth, Otto. Electric Smelting of Sulfide Ores. Internat. Symp. AIME, New York, Feb. 15-18, 1960.

[9] Dayton, S. Inspiration's Design for Clean Air. Eng. and Min. J., June 1974, pp. 85-96.

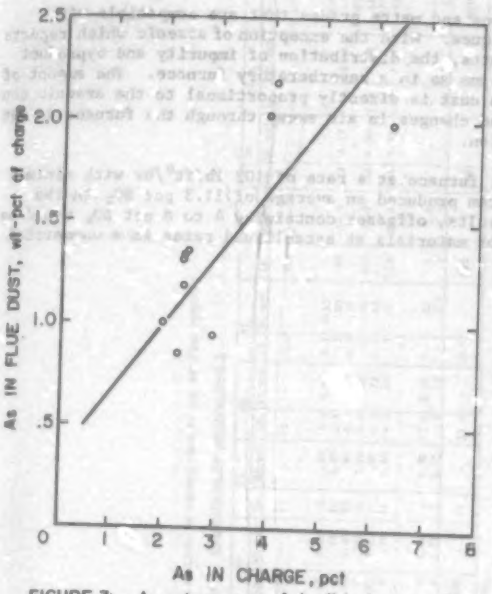


FIGURE 7. - Arsenic content of the flue dust as a function of the arsenic content of the furnace charge.

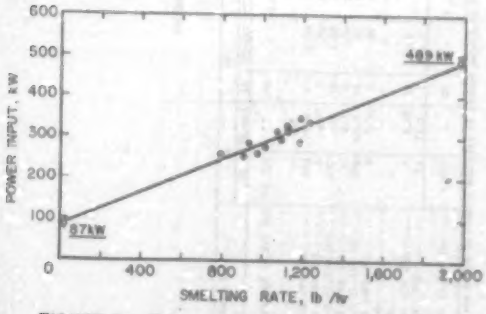


FIGURE 8. - Energy required to smelt cold copper concentrate.

The power consumption data that are included in table 7 range from 387 to 658 kwhr/ton and average 466 kwhr/ton of solid charge smelted. Because the test values increased rapidly as the smelting rates were lowered and did not include all of the power that was used during an entire test, the total power consumed in each test was used to establish an equivalent value. The average power input for each test (total power/total time) was plotted against the respective smelting rate. Extrapolation of the relationship shown in figure 8 indicates that 87 kw is equal to the heat loss from the furnace and 489 kw would be required at a smelting rate of 2,000 lb/hr. By difference, the energy required for actual smelting was 402 kwhr/ton of solid charge. The experimental and calculated energy requirements agree well with the 440 kwhr/ton that is required to smelt cold copper concentrate in a commercial electric furnace with nominal heat losses.[10]

CONCLUSIONS

Electric furnace smelting of copper concentrates is very similar to reverberatory furnace smelting of the same materials. Slags containing 36 to 42 pct SiO_2

[10] Herbert, I. C. Extractive Metallurgy. Min. Annual Rev. (Suppl. to Min. J.), July 20, 1973, pp. 227-253.

promote steady power conditions and matte grades that are compatible with established converting techniques. With the exception of arsenic which rep more readily to the copper matte, the distribution of impurity and byprodu elements is essentially the same as in a reverberatory furnace. The amount arsenic contained in the flue dust is directly proportional to the arsenic tent of the furnace charge and changes in air sweep through the furnace do affect the arsenic distribution.

Smelting in the electric furnace at a rate of 102 lb/ft^3/hr with minim ambient air entering the system produced an average of 11.3 pct SO_2 in the offgases. Based on these results, offgases containing 4 to 8 pct SO_2 would produced when smelting similar materials at established rates in a commerci electric furnace.

APPENDIX. - CHEMICAL ANALYSES OF FURNACE CHARGES AND SMELTING PRODUCTS

TABLE A-1. - Compositions for smelting test 1

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (6,871 lb)	[1]1,729	-	158	-	1,797	-	172	-	91	-	33	-	10.6	-	759	-	122	-	102	-	1,372	-
Products:																						
Matte--1 (992 lb)	502	50.6	10	1.00	106	10.7	33	3.32	9	0.86	6.2	0.63	5.5	0.55	-	-	-	-	-	-	131	25.3
Slag--1 (560 lb)	4	.77	3	.50	216	38.6	4	.68	10	1.80	2.6	.47	.2	.03	199	33.9	23	4.17	19	3.35	5	.9
Matte--2 (1,350 lb)	671	49.6	15	1.10	242	17.8	45	3.30	12	.91	8.0	.59	6.9	.51	-	-	-	-	-	-	325	23.9
Slag--2 (643 lb)	16	2.11	4	.66	226	35.2	5	.85	11	1.79	2.6	.60	-	.06	217	33.8	31	4.81	23	3.88	11	1.73
Matte--3 (1,116 lb)	459	41.1	10	.91	231	20.7	81	7.20	11	.95	8.0	.72	4.7	.42	-	-	-	-	-	-	277	24.4
Slag--3 (861 lb)	9	1.10	6	.80	203	32.9	6	.73	16	1.90	4.3	.50	.3	.03	305	35.4	46	5.35	34	3.97	13	1.50
Matte--4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slag--4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Soghouse (75 lb)	7	9.05	23	46.0	6	8.43	3	3.50	1	1.79	1.9	2.56	-	.02	1	1.07	-	-	-	-	6	7.56
Other (41 lb)	11	27.1	2	4.2	9	21.2	1	3.37	1	2.32	.3	.63	-	.029	2	3.50	-	-	-	-	8	20.2
Total (5,666 lb)	1,677	-	83	-	1,379	-	178	-	71	-	33.9	-	17.9	-	715	-	100	-	78	-	891	-

[1]Weights are based on ASARCO analyses of charge materials before blending.

TABLE A-2. - Material accountabilities for smelting test 1

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (50.4 wt-pct)	96.4	22.2	37.4	92.4	35.2	61.9	101.3	-	-	-	61.8
Slag (50.0 wt-pct)	1.6	8.2	42.5	8.7	40.6	17.9	7.5	93.0	82.9	76.5	2.1
Soghouse (1.1 wt-pct)	.4	20.9	.4	1.7	1.1	3.6	0	.1	-	-	.4
Other (0.6 wt-pct)	.6	1.3	.5	.6	1.1	.6	0	.3	-	-	.6
Total (82.1 wt-pct)	97.0	52.5	80.8	101.4	78.0	64.0	168.9	96.2	82.0	76.5	64.9

TABLE A-3. - Compositions for smelting test 7

Materials	Cu		Au		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (7,600 lb)	[1]1,744	-	152	-	1,982	-	221	-	102	-	59	-	14	-	1,116	-	121	-	109	-	1,349	-
Products:																						
Matte--1 (1,189 lb).....	583	48.9	3	0.25	206	17.2	57	4.77	10	0.84	7.4	0.62	8.9	0.75	-	-	-	-	-	-	269	22.5
Slag--1 (812 lb).....	10	1.23	5	.62	300	36.9	9	1.10	13	1.64	5.0	.62	.2	.04	262	32.3	28	3.2	26	3.3	8	1.00
Matte--2 (1,129 lb).....	514	45.5	13	1.14	230	20.4	40	3.51	10	.92	9.4	.83	9.3	.82	-	-	-	-	-	-	254	22.5
Slag--2 (1,082 lb).....	10	.94	5	.47	395	36.3	11	1.00	17	1.59	5.5	.51	.3	.03	431	39.8	38	3.5	34	3.1	11	1.01
Matte--3 (806 lb).....	416	46.7	8	1.00	160	18.0	42	4.79	8	.92	6.8	.77	6.6	.74	-	-	-	-	-	-	211	23.8
Slag--3 (1,014 lb).....	13	1.3	6	.58	368	36.3	12	1.17	17	1.65	4.7	.47	.9	.10	416	41.3	29	2.80	32	3.15	22	2.17
Matte--4 (325 lb).....	152	46.7	3	1.00	59	18.0	13	4.09	3	.92	.5	.16	2.4	.74	-	-	-	-	-	-	77	23.8
Slag--4 (296 lb).....	26	8.76	2	.70	92	31.1	5	1.83	4	1.20	.3	.18	.4	.14	122	41.2	7	2.29	12	4.16	13	4.60
Baghouse (183 lb).....	18	9.57	77	41.2	18	9.57	9	5.10	4	2.08	4.6	2.50	.1	.05	2	1.10	-	-	-	-	12	6.75
Other (36 lb).....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (6,996 lb).....	1,760	-	123	-	1,816	-	198	-	86	-	43.6	-	28.0	-	1,235	-	98	-	101	-	877	-

[1]Weights are based on AS&RCO analyses of charge materials before blending.

TABLE A-4. - Material accountabilities for smelting test 7

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	Au	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (46.0 wt-pct).....	95.4	18.4	32.5	88.8	38.4	40.8	185.4	-	-	-	48.1
Slag (41.7 wt-pct).....	3.4	11.8	38.2	16.7	30.0	26.4	12.9	118.5	81.0	95.4	4.0
Baghouse (2.4 wt-pct)....	1.0	50.7	.9	4.1	5.9	7.8	.7	.2	-	-	.9
Other (1.0 wt-pct).....	-	-	-	-	-	-	-	-	-	-	-
Total (91.1 wt-pct).	99.8	80.9	92.6	89.6	84.3	73.2	200.0	118.7	81.0	95.4	63.0

TABLE A-5. - Compositions for smelting test 3

Materials	Cu		As		Fe		Pb		Zn		Sb		Bi		SiO_2		CaO		Al_2O_3		S	
	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct
Furnace charge (8,863 lb)	[1]1,776	-	209	-	2,260	-	250	-	113	-	55	-	16	-	1,394	-	203	-	126	-	1,799	-
Products:																						
Matte--1 (1,076 lb).....	426	39.6	12	1.12	253	23.7	47	4.4	9	0.81	8.7	0.81	4.7	0.44	-	-	-	-	-	-	274	25.5
Slag--1 (431 lb).....	5	1.16	2	.46	131	30.4	4	.93	6	1.39	1.7	.39	.1	.02	185	42.9	24	5.57	14	3.25	2	.46
Matte--2 (842 lb).....	349	41.4	9	1.11	210	24.9	23	2.86	9	1.01	6.1	.72	3.9	.46	-	-	-	-	-	-	201	23.9
Slag--2 (1,080 lb).....	19	1.76	5	.46	342	31.7	10	.93	14	1.29	4.0	.37	.5	.05	439	40.7	13	1.20	12	3.43	29	2.69
Matte--3 (1,217 lb).....	458	37.6	15	1.20	330	27.1	44	3.60	16	1.30	7.1	.58	5.4	.44	-	-	-	-	-	-	326	26.8
Slag--3 (851 lb).....	29	3.41	4	.47	257	30.2	10	1.17	12	1.41	3.4	.40	.6	.07	350	41.1	46	5.40	28	3.29	11	1.29
Matte--4 (1,487 lb).....	556	37.4	14	.94	439	29.5	59	3.97	22	1.48	5.0	.34	6.4	.43	-	-	-	-	-	-	392	26.4
Slag--4 (810 lb).....	25	3.09	3	.37	328	40.5	8	.99	9	1.11	1.7	.21	.4	.05	341	42.1	40	4.93	25	3.09	19	2.34
Baghouse (201 lb).....	7	3.38	113	56.3	16	7.8	10	4.8	4	2.18	6.4	3.21	-	.01	2	1.02	-	-	-	-	9	4.36
Other (138 lb).....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (8,133 lb)....	1,874	-	117	-	2,268	-	226	-	121	-	42.8	-	22.0	-	1,907	-	163	-	104	-	1,263	-

[1]Weights are based on ASARCO analyses of charge materials before blending.

TABLE A-6. - Material accountability for smelting test 3

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Bi	SiO_2	CaO	Al_2O_3	S
Matte (52.1 wt-pct).....	100.6	23.9	54.4	73.2	49.6	47.1	127.5	-	-	-	48.3
Slag (35.8 wt-pct).....	6.4	6.7	44.0	12.4	36.3	19.3	10.0	93.6	80.3	81.3	3.4
Baghouse (2.3 wt-pct)....	.4	54.1	.7	4.0	3.5	11.6	-	-	-	-	.5
Other (1.6 wt-pct).....	-	-	-	-	-	-	-	-	-	-	-
Total (95.8 wt-pct).	105.4	84.7	99.1	89.6	89.4	77.9	137.5	93.6	80.3	81.3	70.2

TABLE A-7. - Compositions for smelting test 4

Material	Cu		As		Fe		Pb		Zn		Sb		Bi		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (8,817 lb)	[1]1,776	-	209	-	2,268	-	248	-	114	-	3.	-	18	-	1,394	-	203	-	128	-	1,800	-
Products:																						
Matte--1 (1,137 lb).....	458	40.3	15	1.30	272	23.9	60	5.26	12	1.06	7.8	0.69	4.9	0.43	-	-	-	-	-	-	289	25.4
Slag--1 (829 lb).....	16	1.97	5	.55	266	32.1	8	.79	13	1.60	3.5	.42	.3	.04	320	38.6	48	5.79	25	3.06	26	1.98
Matte--2 (1,341 lb)....	359	26.3	21	1.33	305	23.0	86	3.59	28	1.28	13.9	.86	0.9	.45	-	-	-	-	-	-	390	25.3
Slag--2 (894 lb).....	7	.8	4	.46	271	30.3	8	.87	15	1.66	1.6	.18	.2	.02	390	43.6	49	5.48	27	3.07	8	.95
Matte--3 (896 lb).....	316	35.4	14	1.52	237	26.5	36	4.04	12	1.36	6.2	.69	3.3	.37	-	-	-	-	-	-	224	25.1
Slag--3 (827 lb).....	31	3.74	4	.52	241	29.2	13	1.59	9	1.07	1.1	.13	.4	.05	333	40.3	43	5.23	25	2.99	24	2.96
Matte--4 (1,049 lb)....	367	35.0	12	1.14	288	27.5	41	3.92	17	1.62	7.7	.73	3.9	.37	-	-	-	-	-	-	259	24.7
Slag--4 (410 lb).....	15	3.74	2	.52	120	29.2	6	1.39	7	1.66	1.7	.42	.1	.03	165	40.3	22	5.32	12	2.99	4	1.08
Baghouse (209 lb).....	10	4.71	106	50.1	9	4.3	12	5.75	7	3.36	7.1	3.40	.04	.02	-	-	-	-	-	-	7.6	3.64
Other (106 lb).....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (7,895 lb)....	1,779	-	181	-	2,009	-	270	-	112	-	49.9	-	28.0	-	1,208	-	162	-	89	-	1,234	-

[1]Weights are based on AMARCO analyses of charge materials before blending.

TABLE A-8. - Material accountabilities for smelting test 4

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Bi	SiO_2	CaO	Al_2O_3	S
Matte (52.4 wt-pct).....	95.7	29.7	52.1	89.9	53.5	64.8	128.7	-	-	-	64.6
Slag (33.6 wt-pct).....	3.9	7.1	39.6	16.1	30.6	14.4	6.7	86.7	79.8	69.5	3.4
Baghouse (2.6 wt-pct)....	.6	49.8	.6	6.8	6.1	13.1	-	-	-	-	.4
Other (1.2 wt-pct).....	-	-	-	-	-	-	-	-	-	-	-
Total (89.6 wt-pct).	100.2	86.6	92.1	108.8	98.2	92.3	133.6	86.7	79.8	69.5	68.4

TABLE A-9. - Compositions for smelting test 3

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct
Furnace charge (8,362 lb)	[1]1,676	-	197	-	2,134	-	234	-	107	-	59	-	15	-	1,312	-	191	-	120	-	1,693	-
Products:																						
Matte--1 (1,069 lb).....	402	38.7	8	0.81	267	25.7	77	3.72	10	0.93	3.1	0.88	4.7	0.45	-	-	-	-	-	-	271	28.1
Slag--1 (867 lb).....	3	.3	2	.37	199	23.7	5	.60	8	1.20	.6	.08	.1	.02	2.80	43.2	33	3.35	28	3.33	3	.70
Matte--2 (1,369 lb).....	541	39.5	13	.93	354	25.9	55	4.02	13	.95	12.0	.95	6.4	.46	-	-	-	-	-	-	354	25.9
Slag--2 (823 lb).....	3	.24	4	.43	277	30.0	6	.65	12	1.30	3.0	.41	.3	.03	387	42.0	51	5.53	31	3.36	9	.98
Matte--3 (1,390 lb).....	557	40.1	15	1.07	332	23.9	70	5.0	13	.95	11	.79	7.4	.53	-	-	-	-	-	-	345	24.8
Slag--3 (642 lb).....	4	.94	1	.31	127	28.6	3	.73	6	1.40	1.5	.34	.2	.05	187	42.1	21	4.82	15	3.35	4	.87
Matte--4 (611 lb).....	242	39.6	6	.98	144	23.8	26	4.25	6	.98	5.6	.92	2.7	.44	-	-	-	-	-	-	158	25.9
Slag--4 (1,202 lb).....	8	.66	4	.33	288	23.5	8	.66	16	1.33	2.7	.22	.9	.02	507	42.1	67	5.56	43	3.58	15	1.00
Baghouse (202 lb).....	3	1.48	110	54.4	5	2.3	13	6.5	8	4.00	8.2	4.10	-	.01	26	12.8	-	-	-	-	5	2.3
Other (163 lb).....	11	6.75	17	10.4	3	1.84	23	14.1	12	7.36	5	3.07	-	-	38	23.2	-	-	-	-	15	9.20
Total (7,980 lb)....	1,776	-	180	-	2,116	-	248	-	104	-	56.4	-	22	-	1,425	-	174	-	111	-	1,181	-

[1]Weights are based on ARMCO analyses of charge materials before blending.

TABLE A-10. - Material accountabilities for smelting test 3

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (52.9 wt-pct).....	104.1	21.3	51.4	81.2	39.3	70.4	141.3	-	-	-	66.7
Slag (38.5 wt-pct).....	1.2	5.6	46.1	9.0	39.3	12.7	5.3	103.7	91.1	92.5	1.8
Baghouse (2.4 wt-pct)....	.2	55.8	1.2	6.4	7.5	15.8	-	2.0	-	-	.3
Other (2.0 wt-pct).....	.7	8.6	.1	9.8	11.2	8.6	-	12.9	-	-	.9
Total (93.8 wt-pct).	106.2	91.3	98.8	106.4	97.3	108.3	146.6	108.6	91.1	92.5	69.7

TABLE A-11. - Compositions for smelting test 6

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (8,330 lb)	[1]1,898	22.3	244	2.93	2,224	26.7	275	3.30	121	1.45	33	0.4	17	0.21	1,224	14.7	67	0.81	137	1.64	1,684	10.5
Products:																						
Matte--1 (1,619 lb)....	553	34.16	15	.94	495	30.6	54	3.35	18	1.11	9.5	.59	4.3	.27	-	-	-	-	-	-	427	26.3
Slag--1 (725 lb).....	3	.44	2	.30	182	25.1	5	.67	8	1.15	2.0	.28	.1	.02	329	45.4	37	5.12	39	5.43	6	.79
Matte--2 (1,137 lb)....	376	33.1	18	.89	352	31.0	39	3.41	13	1.15	6.4	.56	2.0	.25	-	-	-	-	-	-	299	26.3
Slag--2 (363 lb).....	3	.84	1	.26	97	26.7	3	.87	5	1.40	1.3	.35	.1	.03	164	45.3	14	3.93	17	4.70	4	1.20
Matte--3 (1,363 lb)....	481	35.3	13	.97	396	28.9	47	3.47	19	1.36	8.7	.64	5.3	.40	-	-	-	-	-	-	333	25.9
Slag--3 (875 lb).....	5	.58	3	.34	245	28.0	8	.94	13	1.50	3.3	.38	2	.02	396	45.2	32	3.61	40	4.61	9	.92
Matte--4 (729 lb).....	255	35.0	7	.97	211	29.0	22	3.07	9	1.23	4.1	.56	2.0	.38	-	-	-	-	-	-	189	25.9
Slag--4 (509 lb).....	3	.58	2	.34	143	28.0	5	1.00	8	1.60	1.5	.29	.1	.02	230	45.2	19	3.61	23	4.61	7	.92
Baghouse (142 lb).....	2	1.42	78	55.2	8	5.6	11	7.5	5	3.35	4.7	3.30	-	-	1	.71	-	-	-	-	11	7.98
Other (393 lb).....	53	13.5	73	18.6	15	3.82	17	4.32	12	3.05	7.1	1.81	-	-	38	9.67	-	-	-	-	55	14.0
Total (7,860 lb)....	1,735	-	204	-	2,142	-	221	-	110	-	48.7	-	15.9	-	1,158	-	101	-	119	-	1,335	-

[1]Value includes 40 lb of Cu starting plate.

TABLE A-12. - Material accountabilities for smelting test 6

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (58.2 wt-pct).....	67.7	18.4	45.3	58.9	48.8	87.0	90.6	-	-	-	77.8
Slag (29.7 wt-pct).....	.8	3.3	30.0	7.6	26.1	24.5	2.9	91.4	156.7	86.9	1.3
Baghouse (1.7 wt-pct)....	.1	32.0	.4	4.0	4.1	14.2	-	-	-	-	.7
Other (4.8 wt-pct).....	2.8	29.9	.7	9.8	5.9	21.8	-	3.2	-	-	3.4
Total (94.4 wt-pct).	91.4	83.6	96.4	80.3	90.9	147.5	93.5	94.6	150.7	86.9	83.4

TABLE A-13. - Compositions for smelting test 7

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (8,215 lb)	[1]1,699	20.2	186	2.27	2,078	25.3	181	2.20	96	1.17	41	0.50	15	0.18	1,174	14.3	94	1.14	131	1.59	1,635	19.9
Products:																						
Matte--1 (1,243 lb).....	439	36.9	12	1.0	339	28.9	37	2.97	14	1.16	8.1	.49	3.2	.26	-	-	-	-	-	-	343	27.6
Slag--1 (829 lb).....	1	.61	.8	.36	63.2	27.6	2	1.02	3.0	1.30	.6	.28	.1	.047	104	45.2	9.3	4.04	10	4.34	2	.73
Matte--2 (1,311 lb).....	414	31.6	8	.64	412	31.4	39	4.33	14	1.07	9.2	.70	3.8	.29	-	-	-	-	-	-	330	25.2
Slag--2 (860 lb).....	4	.46	4	.48	229	26.5	8	.93	12	1.40	.6	.07	.2	.02	401	46.6	35.0	4.08	37	4.30	6	.70
Matte--3 (1,258 lb).....	406	32.1	8	.60	400	31.8	66	5.26	15	1.21	8.4	.67	3.4	.27	-	-	-	-	-	-	312	24.8
Slag--3 (1,232 lb).....	9	.73	3.6	.29	335	27.2	12	.96	18	1.46	3.6	.29	.5	.04	568	46.5	41.6	3.36	52	4.22	13	1.05
Matte--4 (901 lb).....	299	33.2	5	.59	277	30.7	41	4.56	11	1.25	5.9	.66	2.7	.30	-	-	-	-	-	-	221	24.5
Slag--4 (245 lb).....	1	.49	6	.23	66	26.8	2	.94	4	1.50	.8	.33	.1	.038	110	44.8	8.2	3.36	10	4.22	2	.82
Baghouse (132 lb).....	4	2.74	70	32.9	3	2.3	10	7.00	4	3.30	4.5	3.14	-	-	-	-	-	-	-	-	8	6.34
Other (223 lb).....	22	8.37	35	15.7	19	8.68	15	6.73	6	1.79	3.4	1.52	-	-	-	-	-	-	-	-	83	37.2
Total (7,634 lb).....	1,615	-	146	-	2,164	-	252	-	99	-	43.1	-	14.8	-	1,163	-	84	-	109	-	1,320	-

[1]Value includes 68 lb of Cu starting plate.

TABLE A-14. - Material recoverabilities for smelting test 7

Products, wt-pct of total furnace charge	Recoverability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (37.4 wt-pct).....	97.8	17.7	69.7	112.2	56.3	72.2	87.3	-	-	83.2	73.8
Slag (31.2 wt-pct).....	.9	4.4	33.3	13.3	30.5	13.7	6.0	99.1	99.9	-	1.4
Baghouse (1.6 wt-pct).....	.2	37.6	.2	5.5	4.2	11.0	-	-	-	-	.3
Other (2.7 wt-pct).....	1.2	18.8	1.0	8.3	8.2	8.3	-	-	-	-	4.2
Total (92.9 wt-pct).	95.1	78.5	1,041	139.3	103.2	105.2	93.3	99.1	99.9	83.2	80.9

TABLE A-15. - Compositions for smelting test 1

Materials	Cu		Au		Fe		Pb		Zn		Sb		Bi		SiO_2		CaO		Al_2O_3		S	
	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct
Furnace charge (3,394 lb)	[1]1,226	21.1	354	6.32	678	15.7	83.9	1.50	59.3	1.05	43.6	0.78	10.1	0.18	828	14.8	88	1.58	35	0.62	1,365	24.4
Products:																						
Matte--1 (1,300 lb)....	1300	58.4	53	1.02	548	25.2	68	2.11	11.2	.86	10.6	1.02	6.4	.32	-	-	-	-	-	-	550	23.6
Slag--1.....											No slag was tapped											
Matte--2 (1,259 lb)....	491	39.0	15	1.17	230	28.3	37	2.90	11.1	.88	12.2	.98	4.0	.32	-	-	-	-	-	-	590	23.6
Slag--2 (26 lb).....	.3	1.30	.0	.09	6.1	23.6	.0	1.33	.0	1.09	.0	.08	.1	.20	7.7	22.2	6.1	1.93	.4	1.70	2	8.01
Matte--3 (212 lb).....	104	49.1	2	.87	30	13.9	16	7.44	1.2	.55	2.3	1.07	1.8	.83	-	-	-	-	-	-	51	23.8
Slag--3 (805 lb).....	9.7	1.20	3.0	.37	155	19.2	2.3	.28	3.4	.42	.5	.06	.2	.02	338	42.2	27	3.33	22	2.74	6	.70
Matte--4 (110 lb).....	51	35.1	1	.97	14.1	12.8	4	3.68	.6	.51	.0	.36	.0	.73	-	-	-	-	-	-	23.5	21.4
Slag--4 (433 lb).....	31	7.22	2	.46	121	28.0	6.2	.77	6.5	1.03	.2	.05	.6	.14	163	37.6	15	3.50	13	2.94	10	2.34
Baghouse (369 lb).....	13.4	3.64	194	52.6	11	3.09	15.2	4.34	9.1	2.61	8.2	2.35	-	-	6.2	1.20	-	-	-	-	5.5	1.68
Other (78 lb).....	9.3	12.2	26	33.8	5.7	7.31	9.7	12.6	3.6	4.52	2.1	2.69	-	-	2.3	3.21	-	-	-	-	10.1	12.9
Total (4,656 lb)....	1,250	-	271	-	1,020	-	133	-	49	-	45.9	-	11.9	-	784	-	43	-	35.4	-	799	-

[1]Value includes 44 lb of Cu starting plate.

TABLE A-16. - Material accountabilities for smelting test 1

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	Au	Fe	Pb	Zn	Sb	Bi	SiO_2	CaO	Al_2O_3	S
Matte (52.9 wt-pct).....	95.9	13.5	82.2	118.3	40.6	79.0	108.9	0.2	-	-	55.8
Slag (22.6 wt-pct).....	3.4	1.9	32.2	10.5	17.2	1.0	8.9	84.3	48.9	102.0	1.3
Baghouse (6.2 wt-pct).....	1.1	31.5	1.2	10.3	7.8	11.0	-	.0	-	-	.3
Other (1.4 wt-pct).....	.8	30.2	.5	18.6	14.3	12.6	-	-	-	-	.7
Total (83.1 wt-pct).	102.2	76.7	116.2	156.7	82.2	105.2	117.8	85.1	48.9	102.0	58.3

TABLE A-17. - Compositions for smelting test 10

Materials	Cu		Au		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct	lb	Wt-pct
Furnace charge (8,430 lb)	[1]1,716	19.7	79	0.94	2,126	25.2	186	2.20	89	1.05	20	0.24	26	0.31	1,595	18.9	56	0.66	146	1.73	1,612	19.1
Products:																						
Matte--1 (297 lb).....	85	28.0	1.1	.47	69	29.2	7	2.95	2	.83	1.2	.51	.9	.36	-	-	-	-	-	-	-	-
Slag--1 (605 lb).....	.5	.04	.8	.11	197	32.7	6.6	.96	7.2	1.05	.8	.12	.2	.03	.8	69.4	3.6	.49	23.6	3.71	60	23.6
Matte--2 (1,516 lb).....	526	34.7	9.1	.60	464	30.6	46	3.04	11	.99	8.2	.54	5.6	.37	-	-	-	-	-	-	7.0	1.02
Slag--2 (1,115 lb).....	9	.81	1.0	.16	310	27.8	10	.90	11.1	1.0	2.9	.26	.3	.03	542	48.6	8.0	.72	43	3.87	279	25.0
Matte--3 (1,489 lb).....	560	37.6	10.3	.69	423	28.4	51	3.04	12	.83	9.2	.62	6.6	.44	-	-	-	-	-	-	9.7	.87
Slag--3 (606 lb).....	6	1.30	.9	.18	130	26.9	5	.98	4.5	.92	1.2	.23	.2	.04	264	50.5	4.5	.92	16	3.31	300	25.5
Matte--4 (901 lb).....	345	38.3	5.8	.64	239	26.5	34	3.72	6.9	.77	6.1	.68	4.4	.49	-	-	-	-	-	-	3	1.12
Slag--4 (633 lb).....	8	1.30	1.6	.26	192	30.3	7	1.16	7.4	1.17	2.0	.32	.3	.04	299	47.3	4.4	.70	22	3.50	223	34.7
Baghouse (137 lb).....	7	5.3	38.2	27.9	9	6.3	20	14.6	8	5.8	3.8	2.77	-	.02	2.9	1.97	-	-	-	-	7	4.15
Other (214 lb).....	13	6.07	7	3.27	10	4.67	7	3.27	4.3	2.0	1	.47	.1	.05	4.7	2.20	-	-	-	-	10	7.0
Total (7,411 lb).....	1,560	-	77	-	2,043	-	194	-	75	-	36	-	19	-	1,430	-	20	-	106	-	1,383	-
[1]Value includes 54 lb of Cu starting plate.																					12	3.61

TABLE A-18. - Material accountability for smelting test 10

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	Au	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (65.7 wt-pct).....	88.3	33.3	56.3	73.8	40.8	123.5	67.3	-	-	-	-
Slag (34.6 wt-pct).....	1.4	6.5	99.0	15.9	33.9	34.5	3.1	89.3	36.2	73.2	85.6
Baghouse (1.6 wt-pct).....	.4	48.4	.4	10.8	9.0	19.0	-	.2	-	-	1.8
Other (2.5 wt-pct).....	.8	8.9	.3	7.7	6.8	5.0	-	.3	-	-	.6
Total (87.5 wt-pct).	90.9	97.1	96.1	104.0	88.5	182.0	70.4	88.8	38.8	73.2	.7
											68.7

TABLE A-19. - Compositions for smelting test 11

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (8,881 lb)	[1]1,845	20.1	52.4	1.04	1,901	21.4	240	2.70	97.7	1.1	30.6	0.57	21.3	0.24	-	-	62.2	0.70	-	-	1,590	18.0
Product:																						
Matte--1 (1,133 lb)....	407	35.9	7.1	.63	321	28.3	45	3.97	9.6	.85	7.6	.67	4.6	.41	-	-	-	-	-	-	280	23.3
Slag--1 (1,028 lb).....	12	.74	4.5	.38	319	31.9	19	1.17	18.6	1.14	4.5	.38	.3	[illegible]	787	44.7	19	1.17	34	3.38	18	1.21
Matte--2 (1,164 lb)....	439	37.7	7.2	.62	312	26.8	32	4.90	8.3	.75	8.0	.69	3.3	[illegible]	-	-	-	-	-	-	284	26.4
Slag--2 (1,426 lb).....	26	1.82	3.2	.22	469	31.5	15	1.05	13.5	.95	2.1	.15	.6	.04	637	44.7	12	.84	49	3.4	14	.98
Matte--3 (1,064 lb)....	424	40.5	8.1	.77	274	26.2	34	3.25	7.8	.75	7.0	.67	3.2	.30	-	-	-	-	-	-	262	25.0
Slag--3 (648 lb).....	3	.46	.7	.11	213	32.9	5	.77	6.5	1.00	.6	.09	.1	.02	279	43.1	7	1.08	23	-	6	.93
Matte--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slag--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Baghouse (137 lb).....	9	6.6	33.0	24.1	7	5.3	10	13.9	10.4	7.6	4.2	3.07	-	.02	-	-	-	-	-	-	11	7.9
Other (202 lb).....	21	10.4	9.6	4.73	22	10.9	16	6.92	9.2	4.55	1.7	.84	-	.03	-	-	-	-	-	-	19	9.41
Total (7,384 lb)....	1,341	-	73.4	-	2,118	-	200	-	84.1	-	35.9	-	16.1	-	1,642	-	38	-	126	-	907	-

[1]Value includes 60 lb of Cu starting plate.

TABLE A-20. - Material accountabilities for smelting test 11

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (37.6 wt-pct).....	68.8	24.2	47.7	56.7	26.5	45.1	70.9	-	-	-	51.9
Slag (41.7 wt-pct).....	2.2	9.1	62.2	16.1	39.5	14.2	4.7	-	60.3	-	3.0
Baghouse (1.5 wt-pct)....	.5	35.7	.4	8.0	10.6	8.3	-	-	-	-	.7
Other (2.3 wt-pct).....	1.1	10.6	1.2	3.9	9.4	3.4	-	-	-	-	1.9
Total (83.1 wt-pct).	72.6	79.4	111.5	86.7	86.0	71.0	75.6	-	60.3	-	58.8

TABLE A-21. - Compositions for smelting test 12

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (9,750 lb)	[1]2,104	21.0	235	2.41	2,555	26.2	229	2.35	114	1.17	390	0.40	23.4	0.24	1,511	15.2	31	0.32	24	0.25	1,843	18.9
Product:																						
Matte--1 (1,726 lb)	593	34.4	16.3	.94	505	29.3	58	3.36	16	.93	10.9	.63	6.3	.37	-	-	-	-	-	-	390	22.6
Slag--1 (803 lb)	8	1.01	2.8	.35	272	33.9	11	1.40	11	1.31	1.0	.12	.2	.03	328	40.8	7.0	.87	23	3.08	12	1.47
Matte--2 (1,269 lb)	478	37.7	13.6	1.07	344	27.1	40	3.12	12	.91	8.5	.67	5.7	.45	-	-	-	-	-	-	319	25.1
Slag--2 (1,140 lb)	6	.54	3.5	.31	385	33.8	11	1.00	14	1.19	1.9	.17	.7	.06	473	41.5	12	1.03	34	2.99	12	1.07
Matte--3 (1,338 lb)	504	37.7	12.9	.96	365	27.3	59	4.41	12	.90	10.0	.75	6.0	.45	-	-	-	-	-	-	348	26.0
Slag--3 (1,198 lb)	15	1.25	3.2	.27	366	30.6	10	.83	12	1.00	.7	.06	.5	.04	543	45.3	12	1.00	35	2.92	14	1.17
Matte--4 (891 lb)	326	36.6	8.7	.98	247	27.7	25	2.85	9	1.00	5.8	.65	3.2	.36	-	-	-	-	-	-	232	26.0
Slag--4 (217 lb)	1	.52	.5	.23	68	31.4	2	.82	2	1.00	.3	.14	-	.02	97.0	44.7	3	1.13	7	3.18	2	.81
Baghouse (350 lb)	24	6.7	132	37.7	25	7.26	25	7.26	13	3.71	8.7	2.49	-	.01	8	2.37	-	-	-	-	27	7.7
Other (220 lb)	12	7.69	9	4.07	17	7.69	12	5.43	6	2.71	1.4	.63	.2	.06	5	2.26	-	-	-	-	4	1.81
Total (9,153 lb)	1,972	-	203	-	2,596	-	254	-	106	-	49.2	-	22.6	-	1,455	-	33	-	101	-	1,367	-

[1]Value includes 56 lb of Cu starting plate.

TABLE A-22. - Material accountabilities for smelting test 12

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (53.6 wt-pct)	90.4	21.9	57.2	79.1	42.2	90.3	90.6	-	-	413	69.9
Slag (34.6 wt-pct)	1.4	4.3	42.7	15.1	33.5	10.0	6.0	95.4	106.7	-	2.2
Baghouse (3.6 wt-pct)	1.1	16.1	1.0	11.1	11.4	22.3	-	.5	-	-	1.3
Other (2.3 wt-pct)	.8	3.9	.7	5.4	5.6	3.6	-	.4	-	-	.6
Total (93.9 wt-pct)	93.7	86.2	101.6	110.7	92.7	126.2	96.6	96.3	106.7	413	74.2

TABLE A-23. - Compositions for smelting test 13

Materials	Cu		As		Fe		Pb		Zn		Sb		Ni		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (5,231 lb)	[1]1,365	23.0	212	4.06	1,125	21.5	96	1.80	42	0.80	26.2	0.50	9.4	0.18	727	13.9	101	1.93	58	1.11	1,160	22.0
Products:																						
Matte--1 (1,700 lb)....	652	38.2	20	1.18	419	24.6	43	2.65	15	.88	10.4	.58	3.8	.22	-	-	-	-	-	-	380	22.5
Slag--1 (892 lb).....	4	.47	2	.24	238	26.7	4	.42	8	.90	.4	.06	.2	.02	389	43.6	49	5.53	50.6	5.43	7	.76
Matte--2 (974 lb).....	387	39.7	16	1.6	230	23.6	32	3.33	9	.90	3.8	.40	3.5	.36	-	-	-	-	-	-	243	24.9
Slag--2 (580 lb).....	8	1.38	3	.56	171	29.4	4	.66	7	1.14	3.0	.54	.3	.03	237	40.9	29	4.[illegible]	18	3.09	8	1.32
Matte--3.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slag--3.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Matte--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slag--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Baghouse (263 lb).....	15	6.5	124	47.0	12	4.96	9	3.70	5	2.10	6.5	2.67	-	.02	7	2.76	-	-	-	-	-	-
Other (90 lb).....	17	18.3	20	20.5	14	14.3	10	9.2	9	8.12	3.3	3.37	-	.05	6	6.08	-	-	-	-	11	11.2
Total (4,511 lb)....	1,059	-	175	-	1,101	-	103	-	49	-	28.2	-	7.7	-	637	-	78	-	49	-	668	-

[1]Value includes 60 lb of Cu starting plate.

TABLE A-24. - Material accountabilities for smelting test 13

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	As	Fe	Pb	Zn	Sb	Ni	SiO_2	CaO	Al_2O_3	S
Matte (51.1 wt-pct).....	80.7	16.9	57.7	82.0	56.9	60.3	77.7	-	-	-	52.4
Slag (28.1 wt-pct).....	1.0	2.3	37.9	7.9	84.9	9.1	4.2	84.1	77.2	83.6	1.2
Baghouse (4.6 wt-pct).....	1.2	53.7	1.1	9.6	12.2	24.8	-	.9	-	-	1.4
Other (1.9 wt-pct).....	1.0	9.3	1.2	10.2	13.4	13.4	-	.5	-	-	.9
Total (85.7 wt-pct).	83.9	82.4	97.9	109.7	117.4	107.6	81.9	87.5	77.2	83.6	55.9

TABLE A-25. - Compositions for smelting test 14

Materials	Cu		Au		Fe		Pb		Zn		Sb		Bi		SiO_2		CaO		Al_2O_3		S	
	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct	Lb	Wt-pct
Furnace charge (8,045 lb)	[1]1,852	22.5	317	3.94	1,770	22.0	153	1.90	80.5	1.00	53.1	0.66	9.5	0.19	973	12.1	-	-	95	1.18	1,641	20.4
Products:																						
Matte--1 (2,069 lb).....	715	34.6	33	1.59	503	24.3	60	2.90	16	.77	15.1	.73	-	-	-	-	-	-	-	-	502	24.3
Slag--1 (696 lb).....	4	.57	1	.37	176	25.4	3	.46	8	1.14	1.7	.24	.8	.12	380	54.8	41	5.92	24	3.40	6	.80
Matte--2 (1,201 lb).....	459	38.2	14	1.17	324	27.9	58	3.16	11	.92	9.5	.79	-	-	-	-	-	-	-	-	909	75.4
Slag--2 (1,095 lb).....	9	.82	5	.47	287	27.2	7	.64	12	1.16	.5	.05	.3	.03	455	43.1	58	5.49	34	3.22	40	.95
Matte--3 (1,081 lb).....	[illegible]	36.6	15	1.39	285	26.4	34	3.15	10	.93	8.7	.80	-	-	-	-	-	-	-	-	286	26.5
Slag--3 (719 lb).....	[illegible]	.97	2	.28	190	26.4	3	.42	8	1.11	1.1	.15	.3	.04	317	44.1	34	4.73	27	3.76	6	.83
Matte--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slag--4.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Baghouse (337 lb).....	19		163	48.4	18	5.22	12	3.50	6	1.83	7.0	2.08	-	-	-	-	-	-	-	-	31	9.3
Other (156 lb).....	17	10.9	5	3.21	17	10.9	12	7.69	4	2.56	2.0	1.28	-	-	-	-	-	-	-	-	18	11.5
Total (7,312 lb).....	1,625	-	239	-	1,799	-	169	-	77	-	45.6	-	1.6	-	1,097	-	134	-	85	-	1,162	-

[1]Value includes 42 lb. Cu : sorting plate.

TABLE A-26. - Material accountabilities for smelting test 14

Products, wt-pct of total furnace charge	Accountability, wt-pct of input										
	Cu	Au	Fe	Pb	Zn	Sb	Bi	SiO_2	CaO	Al_2O_3	S
Matte (54.1 wt-pct).....	84.8	19.5	62.8	86.1	49.3	62.7	-	--	-	-	66.5
Slag (30.7 wt-pct).....	1.0	2.9	36.9	8.6	34.3	6.2	-	112.7	-	69.0	1.3
Baghouse (4.2 wt-pct)....	1.0	31.4	1.0	7.7	6.8	13.2	-	-	-	-	1.9
Other (1.9 wt-pct).....	.9	3.6	.9	8.1	5.5	3.8	-	-	-	-	1.1
Total (90.9 wt-pct).....	87.7	75.4	101.6	110.5	95.9	85.9	-	112.7	-	89.0	70.8

*U.S. GOVERNMENT PRINTING OFFICE: 1975-603-705/234

best copy available

Mr. CLAY. The next witness is Mel Pedersen, boilermakers.

Without objection, your entire statement will be included in the record. You may proceed as you desire.

STATEMENT OF MEL PEDERSEN, BUSINESS MANAGER, BOILERMAKERS LOCAL NO. 130, SECRETARY-TREASURER, BUTTE METAL TRADES DEPARTMENT, CHAIRMAN, JOINT STRIKE COMMITTEE

Mr. PEDERSEN. My name is Mel Pedersen. I'm business manager of Boilermakers 130, secretary-treasurer of the Butte Metal Trades Department, and I'm chairman of the Joint Strike Committee.

I wish to thank this committee for permitting me to present testimony in the absence of Dave Powers. As a spokesman for all unions employed by the Anaconda Co., in Butte, Mont., I wish to make the following facts known to this committee:

No. 1, the statement was made by Robert Anderson, ARCO president, that $500 million would be invested in the Montana operations. To this date we are unable to see where this amount has been invested.

No. 2, the statement was made in Tucson, Ariz., that people will be layed off after a new contract is settled. During a meeting at Fairmont Hot Springs in July, the company contradicted itself in saying that they wouldn't lay people off, however, what wasn't made known is that the company could use the ploy of economic squeeze to sever people from their employment ranks in the Montana operations.

No. 3, the company has taken the position that copper can be imported from Chile rather than mined in Butte. From the union's viewpoint, this shows that the excessive profits in the oil industry wish to be carried to their copper industries and by having foreign labor, they will well realize this goal. This will cause a very drastic hardship for our fellow workers in Montana. It is of vital concern to the union, the results of more plants being closed and people being layed off.

I also wish to present the following excerpts which were taken from a Steelworkers' newsletter:

In recent years since the multinational oil corporations have turned the energy crisis into a profitmaking bonanza, they have been buying and gaining control of mining companies of every sort from metal to mineral production. Much of copper today is controlled by these energy conglomerates who have no nationality but whose policies and attitudes toward workers and their rights would push back the clock several generations. They want total and absolute control and they don't mind saying so.

There is ARCO, Atlantic-Richfield owning Anaconda and half of Anamax; Cities Service owns Miami Copper; Standard Oil of California has a chunk of Amax. Standard Oil of Indiana acquired Cypres Mines, Pennzoil owns Duval Mining Co. All sorts of explorations and interests kings are by Occidental Petroleum. Kennecott is fighting off raiders but is controlled by a conglomerate called Cordurandum and its board chairman is a former Exxon board chairman, perhaps a sort of dress rehearsal before the wedding. White Pine is owned by an oil and gas company called Louisiana Land & Explorations Co.

Corporations like those in copper and oil are not in the business of making things better for the workers and their families or even the

domestic industries. For example, while unemployment in Montana mining is highest in history and the ore bodies still very rich in deposits, Atlantic-Richfield, ARCO, decides not to spend any capital in that State to create jobs. Instead it is spending $1,500 million—that's $1½ billion—in South American copper developments.

I thank you very much.

Mr. CLAY. Thank you. I assume that you're in favor of forcing the oil companies to divest their investments that are not directly related to energy.

Mr. PEDERSEN Well, that is a broad statement, Mr. Clay. Actually, I feel that they have raped the land here. They have taken all the profits they feel that they can harvest here. They want to go overseas where the labor is cheap, where there are no human rights elements involved. They can treat the people like slaves, and that's what they are.

As far as them divesting, I would say that anytime that an oil company wants to get into the mining, I think there ought to be a hell of a look placed there before it's ever permitted, be investigated very thoroughly.

Mr. CLAY. I'm not opposed to your feelings. In fact, I support them and go even further. I think we ought to break up all of these corporations, especially the oil companies.

Mr. PEDERSEN. I'll agree with that.

Mr. CLAY. The rules of the house forbid this type of demonstration. Pat?

Mr. WILLIAMS. Thank you for appearing here today, Mel. I have no questions, Mr. Chairman.

Mr. CLAY. Fred?

Mr. FEINSTEIN. No questions.

Ms. BAUM. No.

Mr. CLAY. Thank you.

Is Mr. Terry Bass in the audience?

Bob, is it Bob Baugh?

Your entire statement will be included in the record, and you may proceed as you desire.

[Prepared statement submitted by Bob Baugh follows:]

pages tightly bound

Prepared Statement of the International Woodworkers of America

A Public Hearing on the Plant Closure Situation and the Proposed H.R. 5040 "The National Employment Priorities Act"

Missoula, Montana
August 15, 1980

Eugene, Oregon
August 16, 1980

The International Woodworkers of America is a trade union representing 115,000 members — 32,000 of whom live and work in the Pacific Northwest. Our members are employed in logging, sawmills, plywood mills and other wood manufacturing operations.

Our union welcomes the opportunity to appear before this Committee to discuss a bill that would provide protection and relief to workers and communities faced with the trauma of plant closures. The IWA strongly supports the measure.

Plant closures are a social problem. It is a problem created by the ability of private corporate decisions to shift or transfer capital at fantastic speeds. The criteria for the decisions to shift capital, drain assets or close plants do not include the people or communities that will be affected by those decisions. Nor do the people of those dislocated communities have the ability to adjust at the speed with which technology is introduced or plants closed. When the corporate decisions have been made and the capital transfered/disinvested it is the public body that must deal with the human consequences. The cost burden is successfully shifted from the private sector to the public arena as "social costs." If the public covers the "social costs" then it clearly follows that plant closures are a public problem.

The pioneering study, Capital and Communities: The Causes and Consequences of Private Disinvestment by Barry Bluestone and Bennett Harrison, offers a new perspective on how the "capital shift" occurs.

A. A multi-plant company allows an older facility to rundown without capital investment and modernization. The company then takes advantage of tax depreciation write-offs to reinvest elsewhere.

B. Production, marketing outlets, etc. are moved to newer facilities. In some cases these new facilities are built by the communities in which they locate.

C. Allocate or move profits from profitable operations to new facilities.

D. Pursue a strategy of acquiring growing, prosperous "cash cow" companies. A "cash cow" company is one with good cash reserves and a good cash flow. The reserves and cash flow fuel further expansion elsewhere.

E. Export of capital to foreign countries:

1. outright shift of production facilities
2. granting of U. S. licenses to foreigners to use patented technology
3. direct capital investment in foreign companies

Decisions by corporations about investment strategies have frightening consequences for American workers. For example, Bluestone and Harrison cite an important Labor Department study that found in 1970 "each $1 billion of direct private U. S. foreign investment eliminates at least 26,500 domestic jobs on the average." American corporate overseas investment rose from $11.8 billion in 1950 to $118.6 billion in 1974; in 1978 it hit $168 billion and by now is approaching $200 billion. If the 1970 prices are updated to 1979 levels, this means a loss of approximately three million U. S. jobs due to foreign investment by U. S. multinationals.

Conglomerates and multinationals play the prominent role in the wave of U. S. plant closures. As Bluestone and Harrison point out about these corporations: "while they were responsible for only about 15 per cent of the shutdowns" (or relocations) between 1969 and 1976, "they were responsible for half of all the jobs lost directly through shutdown."

There are numerous underlying causes for the rapid movement of capital/disinvestment:

A. The revolution in communications over the past 20 years allows worldwide production coordination and less of a need to locate near markets.

B. Increased technology has routinized work, lessening the need for a skilled workforce. There is an economic advantage to moving to areas with large pools of unskilled labor.

C. Growing centralization of corporate decisionmaking.

D. Corporate concentration:

1.

As of 1972	Production of Four Largest Firms
breakfast foods	90%
auto	93%
turbines & turbine generators	93%
sewing machines	84%
aircraft engine/parts	77%

2. The Fortune 500 companies control roughly 80 per cent of the mining and manufacturing assets in the U. S.

3. There is a tendency towards acquisition of existing companies to reduce competition rather than invest in new ventures.

E. Centralized banking: In 1960 the top 50 banks held 39 per cent of the total bank assets; by 1970 the top 50 banks held 48 per cent of the assets. By 1974 Bank of America, Citibank, Chase Manhattan and Manufacturers Hanover Trust held 20 per cent of all the deposits in all U. S. banks. In addition, the Trust Departments of banks are huge shareholders of corporate stocks.

F. The U. S. tax code makes it possible for U. S. corporations to generate huge amounts of investment capital internally. The code allows for such things as accelerated depreciation, investment tax credits, depletion allowances, DISC, one-for-one writeoff of taxes paid to foreign governments, etc. "Creative" accounting makes it possible for acquisition minded companies to inflate their own stock prices to reduce the "price" of acquisition through a stock exchange (this is done by inflating the value of assets).

The many preceding numbers and economic analysis can make one's head spin. Also there is the tendency to think that these problems are back on the East Coast or in the industrial Midwest. Unfortunately, that is not the case. An examination of the Northwest's leading industry — wood products — shows how corporate decisionmaking fits into the Bluestone/Harrison analysis.

Mill Closures in the Wood Products Industry

The Northwest is highly dependent upon the lumber and wood products industry. In 1979, lumber and wood products (including paper) accounted for nearly 40 per cent of manufacturing employment in Oregon, 18 per cent in Washington, and 32 per cent in Idaho. (The N.W. is 7 times the national average.)[1] In three-fourths of Oregon's counties, wood products are the major employers and contributors to the tax base. Clearly, corporate decisions affecting the wood products industry can (and do) have a dramatic impact on the people and their communities within the region. A look at some decisions and developments within the industry raise serious questions for citizens and lawmakers alike.

The wood products industry has been subject to the very practices outlined by the Capital and Communities study. Concentration within the industry comes in two particular ways: control of timber resources and control of production. Wood products firms have consolidated their grip on resources by buying up, or merging with, smaller firms who owned timber. Between 1950 and 1970, Georgia-Pacific engaged in 86 mergers, 43 of which (50%) involved timber acquisitions. The result of such mergers is fewer mills and a concentration of holdings. The N.W.'s Big 6 wood products firms now own two-thirds of the private commercial timberland in Oregon and Washington.[2] A look at the lumber production by the 50 largest firms clearly indicates the drive towards concentration on the market side.

	Per Cent of Total Lumber Production By the 50 Largest Firms
1967	27.9
1969	31.1
1971	36.0
1973	41.4
1975	41.5
1977	46.3

SOURCE: Random Lengths, July 14, 1978.

This is a rapid rate of concentration. With the control of private timberlands by the industry majors, the failure of timber-poor firms is assured, while smaller timber-rich firms are sure to be takeover targets.

Exporting Jobs: Decisions and Policy

Perhaps the most sensitive area of corporate decisionmaking and practice concerns log exports. In our estimation, this practice is linked directly to government policies which encourage corporate disinvestment and, ultimately, plant closures. There are also long-term inflationary implications for the rest of the U. S. economy.

Under our current policy, log exports have grown to roughly 20 per cent of the total yearly harvest in the Northwest. These logs are the highest grade, old growth timber of all species. They are literally cut and put on ships for export, primarily to Japan. Last year we exported 3.5 billion board feet of timber. For years (since the infamous Columbus Day storm in 1962), the yearly total of log exports has been rising. During this period employment levels and production for the domestic market remained relatively stable. The timber harvest grew to meet the needs of both markets. But, the Pacific Northwest is facing a pending shortfall of timber supply. According to the U. S. Forest Service, timber harvest will decline by 24 per cent by the year 2000. 3/ For wood products employees and domestic consumers the squeeze is already on.

Forest products corporations guilty of overcutting on their private holdings and worried about the shortfall of merchantable timber urge accelerated harvest rates from federal forests. There is an intense bidding war taking place over timber available from public lands. Companies are speculating on a reduced supply and trying to insure log inventories over the next several years. As a result, mills are finding it more difficult to obtain a supply of quality logs at reasonable prices. The large volume of logs being shipped offshore exacerbates this problem. For woodworkers the timber supply crunch means mill closures. The IWA, over the past year and a half, has seen roughly 4,000 of our N.W. members lose their jobs to permanent closures unrelated to the current recession. The following is a partial list of IWA closures and their reasons for those closures:

Date	Company/Location	Employees	Reason(s):
1/79	Centralia Plywood Centralia, Washington	135	poor market
1/79	Blue Lake Wood Products Arcata, California	173	log prices
3/2/79	Weyerhaeuser Company Everett, Washington	400	mill obsolete
2/23/79	Pope & Talbot Kalama, Washington	350	log costs due to exports/mill obsolete
5/79	Champion Building Products Hood River, Oregon	14	availability of timber

Date	Company/Location	Employees	Reason(s)
5/7*	Georgia-Pacific Corp. Fort Bragg, California	8	
5/79	International Paper Chelatchie Prairie, Washington	255	cannot procure federal timber
5/25/79	Champion Building Products Roseburg, Oregon	79	price of timber; mill obsolete
8/2/79	Georgia-Pacific Corp. Coos Bay, Oregon	200	poor market, lack of logs
8/28/79	American Forest Products	70	cost of timber
10/12/79	Boise Cascade Corp. Beaver Marsh, Oregon	65	lack of timber supply
11/2/79	International Paper Longview, Washington	162	no market
11/21/79	Champion Building Products McCloud, California	300	lack of old growth timber
12/21/79	Kinsua Corporation Kinzua, Oregon	155	
12/79	Al Peirce	106	
4/8/80	Champion International Willamina, Oregon	300	lack of timber supply

As you will note, timber supply is a prominent reason for these closures. From our point of view, these closures are not so much of a supply problem as they are a question of utilization of existing supply, and who controls that supply. Simply put, when we see 20 per cent of the total Northwest timber harvest being exported as raw logs we find the timber supply reason for closures hard to accept; it is a problem of utilization. When we find plants closing because of "antiquated or inappropriate equipment" i.e., mills designed for old growth logs, and then see the best old growth timber sitting in the holds of ocean-going vessels, we say something is wrong. The point is, there is a limited supply, but corporate decisions are being made on how it is being used that has a direct and adverse impact on the workers and tax base of the Northwest.

The adverse employment impact of log exports can be seen in a recent IWA fact sheet prepared by our Research Department. Log exports continue at the expense of Northwest jobs.

Log Exports from
Washington State Lands and Employment

* Log exports create 4.7 manhours of direct employment per thousand board feet of logs processed, according to the U. S. Forest Service (one board foot equals (12" x 12" x 1").

* Sawmilling creates 12.5 manhours of employment per thousand board feet of logs processed (2½ times more than log exports).

* Plywood manufacturing requires an average of 19.5 manhours per thousand board feet of logs (four times as high as log exports).

* In 1978, the State of Washington exported 602.3 million board feet of logs from state owned Department of Natural Resources land. Although final figures are not yet in, 1979 volumes closely approximate 1978 figures.

* Based on the Forest Service manhour figures cited above, log exports from Washington DNR lands created 1,415 full-time jobs (2000 hours equals one year).

* If 602.3 million board feet were converted to plywood 5,872 jobs would be generated.

* Log exports from Washington State lands account for 30% of the total log exports from the Pacific Northwest region. If log exports from state lands are phased out, approximately 2.4 billion board feet (at current log export volumes) will still be available for export, thus continuing to sustain port operations and longshore employment.

* Current trends indicate an increase in lumber exports from the Northwest. This will serve to increase longshore employment and port authority revenue as an orderly log export phase-out is pursued.

* During the first half of 1979, 325 million board feet of lumber was shipped to Japan. This is a sharp increase over the 200 million board feet exported during a like period in 1978.

* Other evidence of a growing Japanese and export market for U. S. dimension lumber lies with mills like Merrill and Ring in Port Angeles which are successfully cutting for the Japanese market. These mills, plus several mills owned by the timber giants, have continued operations during the 1980 downturn in U. S. housing construction because they are cutting export orders. This has created employment for loggers, mill workers, truck drivers, longshoremen and port personnel.

SOURCES: Softwood Log Exports and the Value and Employment Issues, David Darr, USDA Forest Service Research Paper PNW-200, 1975; 1978 Washington Mill Survey, State of Washington, Department of Natural Resources; U. S. Department of Commerce.

Going back to the original Bluestone and Harrison analysis, it is easy to see why some of these corporate decisions have been made. One policy, called DISC (domestic international sales corporation), which originated under President Nixon in 1971, permits U. S. companies to escape taxes on profits earned through foreign exports. By setting up a paper organization having its own bank account books and records, a company may channel anywhere from 50 to 100 per cent of its export profits into the DISC. In turn, these DISC export profits have an effective tax rate of about one-half that of domestic profits. Several years ago the IRS revised the list of products able to qualify for DISC. Their intent was to reduce the export of

valuable raw materials in short supply at home. While industries like oil and domestic mining were affected, timber was left untouched. DISC is a tax policy which encourages the export of the logs because the corporations can make big profits and avoid the taxation on the production of finished goods.

A second tax policy that encourages closures is write-offs. When plants close or equipment is shifted from one location to another the costs can be written off the company's federal taxes as a normal business expense. Thus we see a distressing pattern developing: a company encouraged by DISC exports old growth logs. Subsequently, a supply problem develops at a mill or the mill becomes "antiquated" because it is designed to handle old growth timber. The company expressing its sincere regrets about the supply/antiquation problem closes the mill and gets a tax break in the process.

Other long-term implications of continued increases of log exports are inflation, inferior domestic products, and decreasing competitiveness of Northwest mills. The bidding wars bumped by the high prices paid by the Japanese are driving smaller companies out of the wood products industry. Those left are forced to use the lower quality timber for domestic production since the best is being exported. To produce quality end-use products which meet certain grading standards with inferior raw material means excessive waste, extra expense in upgrading the product (plywood patching) and, oftentimes, lower prices for lower grade end-use products. This has a direct impact on cost and quality competitiveness for Northwest mills. That in the long-run means additional closures. "Since raw material accounts for 55-60 per cent of the manufacturing costs in this industry, massive price increases for that material means decreasing competitiveness and mill closures to workers." For consumers the excessive price jumps in stumpage prices must mean inflationary increases in the finished products.

Another area of corporate decisions that have grave implications is what has been referred to as disinvestment. This process of draining assets, moving production facilities, etc. is something people in the wood products industry have been aware of for some time. The public announcement of Georgia-Pacific moving their headquarters to Atlanta serves to highlight the disinvestment strategy. A simple look at where the industry intends to spend its expansion capital spells this strategy out.

In January 1979 Forest Industries magazine published a survey of capital spending planned by the solid wood industry for the addition of new or modernized mills. From 1978 onward, the industry has intentions of spending $615.5 million on new mills and equipment. Over one-half of the total ($347 million) is to be used for

construction projects in the southern United States. Here is a sampling of several southern projects under construction or recently completed by the major corporations.

Capital Expansion Projects and Plans
in the Southern United States
(1978 onward)

Location	Type of Plant	Completion Date
Georgia-Pacific		
Logansport, La.	plywood	1978
Huntsville, Ala.	green veneer	1978
Southern Ala.	hardwood sawmill	1978
Dudley, N. C.	plywood	1979
Dudley, N. C.	flakeboard	1980
International Paper		
Camden, Ark.	plywood, sawmill, log processing	1979
Springfield, La.	plywood, sawmill	future
Central La.	plywood, sawmill	future
East Texas	plywood, sawmill, log processing	future
Kirby Forest Industries		
Bon Weir, Texas	plywood expansion	1978
Cleveland, Texas	plywood, sawmill	1979
Silsbee, Texas	plywood expansion	1978
Champion International		
Camden, Texas	plywood, stud mill	1979
Willamette Industries		
Emerson, Ark.	plywood, sawmill modernization	future
Bastile, La.	plywood, sawmill modernization	1978
Crown Zellerbach		
Holden, La.	log processing, sawmill	1979
Louisiana-Pacific		
Crestview, Fla.	sawmill	future

SOURCE: Forest Industries, January 1979

The second most popular area for expansion was British Columbia with $138.1 million. The western U. S. accounted for only $30.3 million. What this means is the southern U. S. will receive approximately 56 per cent of the industry expenditures on new mills and equipment; British Columbia will receive approximately 22 per cent and the western U. S. just 8 per cent of the total expansion.

The strategy of southern expansion built upon profits generated by the Northwest without adequate reinvestment in this region spells planned plant closures.

The industrial concentration, tax and export policies, and investment/disinvestment strategies pursued by the wood products industry have already hit home with thousands of jobs being lost. The prospects for far more closures than have already occurred is a real danger to workers, their communities, and the states that make up the Pacific Northwest.

The Effects of Closures Upon Workers and Communities

Of utmost importance in examining the issue of plant closures are the effects. Over the past decade there has been a growing body of research on the economic and social impact of plant closures. A new economic and social analysis is emerging. The findings of this research demands a new response at every level of government to a problem that has long been viewed as individual or personal and not social.

Studies show the economic impact of a closure on a decently paid union worker is startling — the loss of two years earnings in the first five years after shutdown. In the unionized sector of the wood products industry this means between $30,000 and $40,000. For some it will mean the loss of 10-15 per cent of total working career earnings. Workers who are forced to retire early lose dearly. Those with three to eight years seniority are the most vulnerable in the long run because it means starting over with no pension vesting and a loss of seniority benefits. These are some of the most personal economic problems faced by a displaced worker, but loss of employment is not their tragedy alone.[4] An entire community suffers when a plant closes.

The ripple effects of a closure on a community are frightening. When J. Wiss and Son closed its operation in Newark, New Jersey, 735 direct manufacturing jobs were lost. These in turn cost the city an estimated 480 additional jobs "in stores, banks, bus service, luncheonettes, taverns, gas stations, and other local businesses." An estimated $14 million purchasing power was removed from the local economy. Some $33,000 less was available for social services, i.e., mental health, Boys Clubs, Catholic charities, Red Cross, etc.

A conservative study by the Policy Management Associates (PMA) on the community impact of the closing of Youngstown Sheet and Tube turned up similar results. Youngstown, Ohio initially lost 4,100 jobs in the closure. The PMA study showed a possible loss of up to 3,400 more jobs, a retail sales drop up to $23 million each year, and a total sales loss between $66 and $102 million. As the Youngstown and New Jersey studies show, plant closures are an infectious disease; the effects of unemployment cannot be quarantined within the home of the displaced worker.

The economic effects of a closure do not just end at the retail store. For legislators the tax losses have serious consequences. Again, the conservative PMA study of Youngstown shows a frightening array of numbers. After 39 months following the Youngstown shutdown it was estimated the following tax revenues were lost:

Community	$ 2 million
County	1 million
State	8 million
Federal	15 million
Total	$32 million

The managers of the steelworks themselves estimated the town of Campbell (situated on the edge of Youngstown) would lose over $500,000 annually in personal income taxes; lose $130,000 in yearly property taxes; and see a $1 million increase in the school deficit. It did happen and the townspeople of Campbell were forced to increase property taxes to try and cover the budget deficits caused by the loss of their tax base. Even with property tax increases and higher school levies, the school system had to obtain an emergency loan from the state to avoid bankruptcy.

Legislators should be keenly aware of this tax cycle. The State of Oregon currently faces a state budget crisis which is a direct reflection of the employment/tax base linkage. People must work to pay taxes. In Oregon's timber-based economy people are not working — which has led to a $300 million budget deficit. This is leading to exactly what people in Youngstown and Newark faced: loss of social services, educational cutback, further layoffs, the possibility of tax increases, etc. One thing everyone must become aware of is that while much of the Northwest's wood products' current unemployment is temporary, due to the housing slump, a sizeable portion of it is not. Sections of the Northwest wood products industry are closing up for good. This is playing and will continue to play a role in the employment/tax base problems of the northwestern U. S.

The impact of mill closures in the wood products industry is heightened because of the location of the industry. The industry is located outside the major metropolitan areas in one-industry towns. These communities are incapable of absorbing the loss. There are no other major employers to keep the local economy viable. In the N.W. we have mills closing and the towns with them. For the workers in these mill towns it means the loss of everything because if the town dies, they also lose their largest single investment -- their home; nobody wants to buy a home in a ghost town. The rest of a state must bear the burden of increased economic assistance to the distressed community in the form of unemployment compensation, welfare, food stamps, medical and other social services, etc. Plant closures are a costly heartbreaking process for everyone.

The destruction a shutdown can wreak upon a community and home life goes far beyond money. The tragedy of depression, despair, broken marriages, and health problems show up as statistics in scientific studies. David Moberg in his "Shutdown" series for In These Times cites a study by Sidney Cobb and Stanislaw Kasl on the psychological and physiological effects of two plant closings. The researchers found:

> "Increased frequency of ulcers in the layed off men and their wives, greater likelihood of future heart ailments and diabetes, greater hypertension and more swollen joints. Most of the men compared the experience of the factory closing with the stress of getting married (midway on a scale of life events where 10 equals a traffic ticket, 80 divorce and 100 death of a spouse), but one-fourth found the experience as shattering as divorce or more so. It took most close to half a year to recover, but as time went on those who were still unemployed tended to blame themselves for their plight. Some became convinced that they couldn't hold a job. Others eventually turned to suicide -- at a rate 30 times greater than the national norm."

The fact is that unemployment kills. Dr. Harvey Brenner of Johns Hopkins University over the past decade has become world renowned for his pathbreaking research on the health effects of unemployment. Dr. Brenner has made the statistical linkages between so-called economic stress indicators and seven pathological indices. The economic stress indicators include per capita income, inflation rate, and unemployment rate. The pathological indices are: age and sex mortality rates, cardiovascular-renal rates, suicide mortality rates, homicide mortality rates, mental hospital admission rates, imprisonment rates and cirrhosis of the liver mortality rates. His conclusions, presented before a number of Congressional committees are sobering. Dr. Brenner found a one per cent increase in the aggregate unemployment rate sustained over a period of six years results in approximately:

-- 37,00 total deaths (including 20,000 cardiovascular deaths)

-- 920 suicides
-- 650 homicides
-- 500 deaths from cirrhosis
-- 4,000 state mental hospital admissions
-- 3,300 state prison admissions

The cost of this human suffering is staggering. Social, medical and psychological costs are heavier than a strict examination of so-called economic costs. In communities hit by closures there is a rapid increase in spouse abuse, child abuse, broken marriages and alcoholism that can be directly linked to the stress of unemployment. The sad part is that as the health problems increase health coverage lapses. What help is available must be provided by the community through social service agencies which are paid for by the taxes of those still working.

The point of looking at a broader picture of the economic and social impact of plant closures is to make clear the real burdens placed upon society.

When the corporate decisions have been made, the capital removed, and the plant closed, it is the public body that must deal with the human consequences. The cost burden is put into the public sector as "social costs." In our way of thinking it only follows that if the public must bear the terrible costs of plant closures, then plant closures are a public problem; and, if it is a public problem which has occurred as a result of private decisions, then the public has a right and a duty to intervene in this decisionmaking process.

Responses to Closures

After looking at some of the reasons why plants close and the social and economic consequences of closures comes the crucial question "What can be done about it?". One obvious approach for trade unions is the collective bargaining process. But this approach is severely limited. The 1979 Canadian government study, Report of the Commission of Inquiry Into Redundancies and Layoffs, looked closely at collective bargaining and found it wanting. The Commission found a firm belief by management that for redundancy (permanent layoff), the "employer's responsibility goes no further than operating his enterprise in the most efficient manner possible while complying with pertinent laws and the collective agreement, if any." The Commission also found management "adamant with respect to the absolute requirement that the decision to introduce change should rest with management." In short, negotiating plant closure language meets management's rights head on and would subject it to "a bargaining or trading off process." The Canadian Commission sums this up by stating: "Redundancy management is a distinct process requiring special treatment in law and practice. Collective bargaining at best would result in more uneven treatment of redundant employees."

The IWA shares the concerns raised by the Canadian study. Their Commission members (comprised of labor, management and government) were unanimous in their findings: management will not give at all on the issue; union strength is limited; unions represent only a portion of the workforce; and all workers need protection. Even if every union in this country were able to negotiate strong plant closure language, it still does not protect 75 per cent of the American workforce who are not in unions. It is our feeling that all workers should be protected. Thus, there is a need for comprehensive legislation.

These hearings concern the proposed "National Employment Priorities Act." It is important for the committee to understand that national legislation is supported by activity at the state level. Currently there are at least 15 states considering plant closure legislation: California, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Washington and Wisconsin; and the list is growing. Two states, Wisconsin and Maine, have already passed some minimal standards. Maine requires severance benefits of one week's pay per year of employment for displaced workers with at least three years of service in case of closures affecting 100 or more people. Wisconsin law demands a 60-day advance notice of closures affecting 100 or more employees. Both states are considering additional legislation. The bills being considered by individual states have provisions similar to H.R. 5040, "The National Employment Priorities Act." The provisions cover such areas as advance notice, severance pay, technical assistance, tax relief, disclosure, financial assistance for community buy-outs, etc.

Not only is it important for federal legislators to be aware of the fact that they are not alone in dealing with plant closure legislation but, in fact, the U. S. as a whole is behind the times. Every industrialized nation in the western world already has plant closure legislation similar to that which we are only now beginning to consider. The May 1, 1979 study, Economic Dislocation, points out a binding directive that was issued to the members of the European Economic Community (Common Market) which said member countries "will provide minimum standards for national legislation to regulate corporate behavior with respect to plant shutdowns and mass layoffs." The directive called for advance notices, prior consultation with unions and government, and minimum severance pay standards. Most of the Common Market countries exceed these minimums.

The fact is that all the western industrialized nations provide more protection for their citizens/workers and have more control over the corporations that operate within their boundaries than does the United States. American corporations

operating overseas exist and thrive within those laws; in fact, they often point to overseas operations as the principal source of profits. They will survive such legislation at home.

In closing, the IWA fully supports the "National Employment Priorities Act." We think we have demonstrated to the committee how oftentimes private corporate decisions to close plants or engage in activities that lead to closures are made with no thought given to the workers or communities that will be affected. These private decisions are crucial to the economic and social viability of individual workers, their communities, and this nation, however, these private decisions are made with virtually no opportunity for input by workers, communities and this nation. Finally, Northwestern states have joined a growing body of states coming to grips with the public consequences of plant closures and unemployment.

As children we were taught the American political system is "a government of, for and by the people." In this spirit, it is the government's obligation to recognize, defend and help its most important asset -- working people. Workers need and demand the passage of H.R. 5040, "The National Employment Priorities Act."

FOOTNOTES:

1/ From a speech on the Northwest economy given before the Plant Closure Conference by Ms. Margaret Simeral, June 21, 1980 in Portland, Oregon. Ms. Simeral is a former economics professor at the University of Oregon.

2/ Ibid.

3/ The Outlook for Timber in the United States, USDA Forest Service, Forest Resource Report No. 20, 1973.

4/ Louis S. Jacobson, "Earnings Losses of Workers Displaced from Manufacturing Trade and Investment on Employment", Federal Trade Commission, July 1978.

RCB:jj
opeiu8llafl-cio
8-11-80

The following documents were used as resource material for this testimony:

1. Capital and Communities: The Causes and Consequences of Private Disinvestment, by Barry Bluestone and Bennett Harrison
   Published by The Progressive Alliance, 1625 L Street, N. W., Washington, D. C. 20036

2. Capital Mobility and Plant Closures a June 5, 1980 address to the Washington State Labor Council Standing Committee on Employment and Unemployment, by Denny Scott, IWA research economist

3. Economic Dislocation: Plant Closings, Plant Relocations and Plant Conversion. The May 1979 joint report of the United Automobile Workers, Machinists and Steelworkers on Policies and Programs In Three Countries: Recommendations for the United States

4. International Woodworkers of America

   -- Economic Report for the Thirty-first International Convention, October 1979

   -- Economic Report to the Region III Convention, February 1980

   -- Shutdown: Mill Closures and Woodworkers, Bob Baugh, IWA research assistant for the Plant Closure Conference June 1980

   -- Testimony before the Washington Legislature Joint Senate and House Natural Resource Committee, by Denny Scott, January 29, 1980

5. Plant Closings: Resources for Public Officials and Community Leaders

   -- also Industrial Exodus
      both publications edited by Ed Kelly and William Schweke in 1979 for the Conference On Alternative State and Local Policies, 2000 Florida Avenue, N. W., Washington, D. C. 20009

6. Report Of the Commission Of Inquiry Into Redundancies and Layoffs March 1979
   Public Relations Branch, Labour Canada, Ottawa, Canada K1A 0J2

7. Shutdown by David Moberg, June-July 1979,
   In These Times,, 1509 N. Milwaukee Avenue, Chicago, Illinois 60622

8. Shutdowns May 1980 issue of Economic Notes
   Labor Research Association, Inc., 80 East 11th Street, New York, New York 10003

STATEMENT OF BOB BAUGH, RESEARCH AND LABOR EDUCATOR, DEPARTMENT OF RESEARCH EDUCATION AND COLLECTIVE BARGAINING COORDINATION, INTERNATIONAL WOODWORKERS OF AMERICA, AFL-CIO AND CLC INTERNATIONAL HEADQUARTERS, PORTLAND, OREG.

Mr. BAUGH. Yes. My name is Bob Baugh. I am attached to the research and education departments of the International Woodworkers of America, and our headquarters are in Portland, Oreg.

The IWA is a trade union representing 115,000 members—32,000 of whom live and work in the Pacific Northwest. Our members are employed in logging, sawmills, plywood mills, and other wood manufacturing operations.

As a representative of the IWA I welcome the opportunity to come before this committee and express our union's viewpoint on a bill that would provide protection and relief to workers and communities faced with the trauma of plant closures. We strongly support the measure.

In support of the National Employment Priorities Act we are submitting detailed written testimony developed by our international research and education department. I would like to highlight the thrust of our written testimony.

Mr. CLAY. Where did you submit the testimony?

Mr. BAUGH. It's here.

Mr. CLAY. We have it there.

Mr. BAUGH. Has it been included in the record? Are we going to put it in the record?

Mr. FEINSTEIN. Be happy to put it in the record.

Mr. CLAY. Without objections, we'll include it in the record.

Mr. BAUGH. Please do.

In our view, plant closures are a social problem. Private corporations have the ability to make and enforce decisions about assets and resources at an incredible speed. Their decisions to shift capital, drain assets or close plants do not involve the people of communities that are affected by those decisions. Yet, when the corporate decisions are made and the plant closed it is the public body that must deal with the consequences.

The cost burden is shifted from the private sector to the public arena as social costs. To us, if the public pays the social costs of the plant closures, then plant closures are a social problem and they demand a public response.

In June the IWA cosponsored a conference on plant closures. Over 350 trade unionists and community organization representatives attended. We learned many interesting things about the how and why of plant closures. How companies close plants because they are not profitable enough. How conglomerates will drain a company's assets or siphon off profits without reinvestment until an operation does become a loser and is closed. How profits and investments are shifted overseas or to other areas of the country. We looked at the effects of concentration, the communications revolution and a U.S. tax policy that encourages plant closings. The conference was an enlightening experience for all concerned.

Much of the information presented at the plant closure conference applies directly to the IWA's bailiwick, the wood products industry. Wood products are the backbone of the Northwest economy; in Oregon it accounts for nearly 40 percent of the manufacturing employment. In our industry there has been an ongoing process of concentration through mergers, takeovers and acquisition. The big firms buy up smaller ones to gain control of the timber resources. Today two-thirds of the Northwest private timber supply is in the hands of six companies. On the production end of our industry there has been a similar drive toward concentration. In 1967 the 50 largest firms accounted for 28 percent of the production. By 1977 they accounted for 46 percent and their total share is still rising. Concentration means closures.

Over the past 1½ years roughly 4,000 IWA members in the Northwest have lost their jobs in permanent closures. When you examine a list of closures and their reasons, timber supply and obsolete mill, appear over and over again. To the IWA the problems of supply and obsolete mills is linked directly to a policy of log exports. We call this a policy to export jobs.

From our point of view timber supply closures are not so much a supply problem as it is a question of utilization of existing supply. Simply put, when we see 20 percent of the total Northwest yearly timber harvest being exported as raw logs, we find the timber supply reason for closures hard to accept; it is a problem of utilization. When we find mills closing because of antiquated or obsolete equipment which was designed for unavailable old growth timber, and then see the best old growth timber sitting in the holds of ocrangoing vessels, we say something is wrong. The point is that corporate decisions are being made on how our existing supply of timber is being used and these decisions have a direct and adverse impact on the workers and tax base of the Northwest.

One of the problems we have in dealing with the log export issue is that our own tax policies support the corporate decisions. Under DISC, Domestic International Sales Corp., we assure corporations big profits through the export of a valuable raw material. DISC export profits are taxed at one-half the U.S. corporate rates. On top of that we give corporations a tax writeoff for closing plants. So what happens: a company encouraged by DISC exports old growth logs—a supply problem develops at a mill or the mill becomes obsolete because it is designed to handle old growth logs—the company, expressing its regrets over the problem, closes the mill and gets a tax break in the process. This is ethically wrong, and it is the Northwest economy that will suffer because of these private decisions.

The last of these private decisions affecting our lives in wood products has to do with investments. Where do those big log export profits go? Not here. If you want to see an industry planning to phase out employment, look to the planned capital investments. One survey by Forest Industries magazine found the industry had intentions of spending $615,500,000 on new mills and equipment. When broken down geographically, it came out to $347 million, or 56 percent in the Southern United States, $138,100,000, or 22 percent in British Columbia and only $50,300,000, or 8 percent in the Western United States. An industry strategy of Southern expansion built upon Northwest

profits without adequate reinvestment in this region spells one thing—mill closures.

This brings us to the No. 1 reason we are here—workers and their communities. That's what this union is all about, people and the places they live. Plant closures ruin both.

To the individual worker it can be a loss of income, seniority, and pension benefits.

To a community, a closure spells disaster. When a plant closes, particularly in the smaller one-industry towns that dominate wood products, it is like a set of dominoes falling. It goes like this: workers lose their jobs, the local stores lose sales and cut back the workforce or close, the local luncheonette closes, charities lose funding, money gets tight at the bank, property values decline—a town begins to wither and slowly die. The fact is, unemployment is an infectious disease; its effects cannot be quarantined within the home of the displaced worker.

The economic impact of a closure does not end at the local stores; it spreads into the tax base. As the tax base declines so does the ability of the local community to deliver the services—at a time when those services are most needed.

This committee should be keenly aware of this tax cycle. For example, Oregon alone faces a $200 million budget deficit this year which is a direct reflection of the employment/tax base linkage. We now face cutbacks in social services just when they are most needed. What is most necessary for you to understand is that while much of our current unemployment is temporary, due to the housing slump, a sizable portion of it is not. Sections of the Northwest wood products industry are closing up for good.

A moment ago I referred to unemployment as an infectious disease; it is, in a very human way. The tragedy of depression, despair, broken marriages and health problems show up as statistics in scientific studies. One study of workers involved in a closure found:

> * * * increased frequency of ulcers in the layed off men and their wives, greater likelihood of future ailments and diabetes, greater hypertension and swollen joints * * * It took most close to half a year to recover, but as time went on those who were still unemployed tended to blame themselves for their plight. Some became convinced that they couldn't hold a job. Others eventually turned to suicide—at a rate 30 times greater than the national norm.

Unemployment not only makes one sick it can and does kill. Dr. Jarvey Brenner of Johns Hopkins University has testified before numerous congressional committees on this topic. He has found that a 1-percent increase in the aggregate unemployment rate sustained over a period of 6 years results in approximately: 37,000 total deaths, including 20,000 cardiovascular deaths; 920 suicides; 650 homicides; 500 deaths from cirrhosis; 4,000 State mental hospital admissions; and 3,300 State prison admissions.

The cost of this human suffering is staggering. And the human toll goes on as communities hit by closures find rapid increases in spouse abuse, child abuse, broken marriages, alcoholism, and drug abuse. The sad part is just as the health problems increase the health coverage lapses. We pay a terrible price for unemployment, socially and economically.

Again, I come back to the point that when the private decisions have been made and the plant closed, it is the public body that must deal with the human consequences. If we must bear the terrible costs of plant closures, then it is a public problem. If it is a public problem as a result of private decisions, then we as the public have a right and a duty to intervene in the decisionmaking process.

This brings us to what can be done and what is being done. Currently some 15 States are considering plant closure legislation. Two States, Maine and Wisconsin have already passed some minimal standards. Today we are here to testify in favor of a Federal bill: the National Employment Priorities Act. All of these State and Federal measures call for some basic items: advance notice, transfer rights, severance benefits, community tax loss protection, investigation of closures, and financial and technical assistance to keep the plants open.

It is not as if these ideas are new. The fact is, the United States as a whole is behind the times. Every industrialized nation in the Western World has laws similar to what we are only now beginning to consider.

All the Western industrialized nations provide more protection for their workers and have more control over corporations that operate within their boundaries than does the United States. American corporations operating overseas exist and thrive within those laws; in fact, they often point to overseas operations as the principal source of profits. They will survive such legislation at home.

At home, and in our schools we teach our children that the American political system is "a Government of, for and by the people." In this spirit, it is the Government's obligation to recognize, defend and help its most important asset—working people. Workers need and demand the passage of H.R. 5040, the National Employment Priorities Act.

Mr. CLAY. Thank you. I don't really have any questions to ask of you, but I would like to make an observation or two. I think that sometimes people tend to believe that the problem of plant closing is just regional, only affecting themselves and their particular area, but this is not the case. I believe this is perhaps the fourth session of Congress that this bill has been introduced. I think that then Senator Mondale introduced it in the Senate some years ago. Since then we've been traveling this Nation and hearing the same stories that we have heard today, which means that the problem is pervasive. It's epidemic across this Nation. We hear it in the mining towns of Appalachia, the steel areas of Pittsburgh and Ohio, automobile areas of Michigan and Missouri, textile areas in the South. I think that probably part of the problem here is we need a greater coordination between those people who are being affected, between the labor union people here and labor union people in Pittsburgh and Altoona and textile people. There has to be a groundswell across this Nation to make Congress react to the problem and the needs, and I think that perhaps the next time you're at a convention, or something, you need to raise this point and stress the need for a nationally coordinated effort on the part of the workers of this country. Otherwise, we're never going to be able to get enough support in this Congress to get that bill passed.

I just think that it's a shame that we have to pry and prod the members who supposedly represent the people into taking the kind of action that's necessary, but that happens to be one of the things that

I've found in my 12 years of Congress that's necessary, if you want to get this type of legislation.

Pat!

Mr. WILLIAMS. Thank you. Bob, you defined at least some of the reasons why plant closures occur. What is the Woodworkers AFL-CIO doing to get that message to workers? What precisely do you do to educate the members of the various unions to these problems that you described today?

Mr. BAUGH. Well, first off, they're well aware of the problem that the plants are closing. Second, we've begun a number of things in our research and education department, and this is one. I have a couple of comments I'd like to make, if the committee will indulge me after I answer this question, which is a study of plant shutdowns and is kind of an overview of the whole problem but particularly looking at collective bargaining clauses and things of that nature.

We've been teaching people what you can bargain on a contract. We've also been teaching the people that the contract is not the answer for a whole lot of reasons, which I'll mention in a minute. We've been letting our people know. We were cosponsors of this Northwest Regional Congress on plant closures. We brought in specialists from around the country, spent an intensive 3 days of educating one another. We are carrying this back throughout the wood products communities and sponsoring local educationals for people. That is exactly what Congressman Clay is suggesting. That's exactly what we're trying to do. That's the exact reason why I'm here today.

Mr. WILLIAMS. I appreciate that. When I stand at the plant gates and campaign, just talking to people, I get the distinct impression they are not properly being educated about what the real problems are. I think if you ask the average millworker coming out of that mill why that mill is closing, if it's closing, he would list in order: wilderness, environmental, Government, but he would not hit on what you're talking about, Bob.

Mr. BAUGH. No; and I don't think that the papers are going to print that stuff, frankly, and I think that's part of the problem. They're going to print the garbage from the corporations. Not all of it is garbage, but a lot of it is, and let me use an example.

Mr. CLAY. Labor unions don't buy full page ads.

Mr. BAUGH. Let me use an example. Congressman Clay, may remember this. I used to live in Missouri. National Lead closed a plant down saying it was because of the Federal Government EPA clean air regulations, when, in fact, that corporation has been in the process of closing down its operations for years and increasing their imports from Germany and other countries. They claimed EPA. The IWA in answering that charge found out the charges are without verification, and the corporation closed, and, if anything, it's politically smart on their part. They're going to blame somebody, and they're going to blame Government, and they're going to blame the unions. They aren't going to take the credit themselves, say they're screwed. They're not, because logic supports the problem, they're going to tell us, because they have a supply problem.

Well, our argument is they're part of the reason we have a supply problem and their policy on exports. That is just one example.

Mr. WILLIAMS. Industry doesn't have any influence more than anybody else—to the press—organized labor. In fact, industry does not always take the proper public relations positions. For example, I think it's terribly irresponsible and unfortunate that industry is not here today to defend plant closures. Labor has showed up. So I guess I'm still confused as to why so many workers take industry's line rather than the rationale that you're presenting today.

Mr. BAUGH. One, I think, real basic reason is nobody really hammered down on this today, I think real important or perhaps one of the most important aspects of the State measures we're considering, Federal measures, this is access to information. Here's a fine example for the people from the wood products industry. The private lands that are being reforested in this country and the West in particular, right now we have no way of knowing. The Government has no way of knowing what's being planted there. Where does the corporation plan to be, the wood products industry, in the year 2000? What are second, third, fourth generation trees that are going to be coming on line to be; are they pulp? If they're pulp, that means no new sawmills, no 2 by 4 products, but we don't know. We don't know that. We have no way of attacking it other than through business publications, corporate investment decisions, where they are going to put their money.

We have no way of knowing how many plants will be closed in our region. We don't track that kind of information. That's been part of the investigative process.

We don't have to look far. It isn't that it is a really different situation. It's like the situation with the Department of Energy where we go to the American petroleum corporations themselves to get their information, and that's ridiculous.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. CLAY. Thank you.

Mr. BAUGH. Can I make one or two comments, because there's a number of questions that have been——

Mr. CLAY. Yes, go ahead.

Mr. BAUGH. I would like to respond to a few of them. There's been questions raised around the question of unemployment and one that hasn't been raised in terms of Government programs that, I think, are extremely important.

Unemployment insurance is just flat out inadequate. A worker in Oregon laid off of a job or put off work can collect a maximum of $128 a week. We know that that doesn't take care of a family. Also in Oregon, the Oregon State law is that a worker cannot go back to school or get some training to get another job. If they do, they lose their unemployment benefits. That's crazy.

Second, investigating the existing Government programs for people that do not have jobs. The fact is if you've got a worker who's worked 10 or 15 years, acquired a house, owns a car, a little in the bank, he cannot qualify for any help under the Federal Government unless he loses his house, loses all his savings, sells the car. So those programs don't exist for those people.

We're talking about people who are not hard-core unemployed. We're talking about workers who have lost their livelihood. They have to lose everything before they can qualify. I think though the

National Employment Priorities Act addresses these kinds of problems.

Second, there's been a question over and over about collective bargaining and how its' going to interfere with the problem of collective bargaining and cause interference. It's going to certainly enhance the collective bargaining process. You start with what you've got and go from there. If we've got it in the law, we're going to go from there.

Second, on that point is that trade unions represent some 20 percent to 25 percent of the American work force, and I concur with the Canadian Government in their major study of this problem. They flat out said collective bargaining is not going to do it, because it's not going to solve the problems of workers in general. Most workers aren't in unions, and this problem is widespread throughout this society, and in our belief a trade union, we represent the issues and concerns of the people who work, not just people who are in trade unions. So collective bargaining itself isn't the answer. And the third point is this study talks about the collective bargaining and talks about provisions the contract people can get, and the fact is there are very few provisions, very few contracts that the companies aren't going to roll over and play dead to get it through. It's just not there.

The lack of information, we already discussed that. The thing about advance notice, that was asked of a couple of people who lost their job. In the case of Evans, when people, when they do get advance notice, say it is 6 months or as in Portland same as with a great many, when they get notice the first letter was: We're going to close, but we're not sure. We have to keep the people hanging on. Then they said: We're going to close it for sure. We set up a severance pay program real quick. It was to keep the people on the job they said. OK, you got 6 months' notice. The idea was with 6 months' notice you can begin working for other wood plants.

Gilmore Steel said you wouldn't get your severance pay if you go out and get another job, so you keep the people hanging, and they can't go out with those, or come to grips with that kind of situation.

Finally on this NLRB ruling that minority legal counsel has been talking about, I am not familiar with the ruling about the possibility of a decision being bargained over. What I can tell you, the practical experience of a closure, the damn companies aren't letting us know, and to find out you've got to go through more mail. You've got to send them a registered, certified letter. You have to try and find out, pin them down if they are going to close. The only purpose of that is to pin them down by a registered letter so you can lay a foundation for labor when they don't do anything about it. And the NLRB, we certainly criticize them about their effectiveness today, and this is one of area. Are the companies obligated under the law to let us know these things? They're supposed to do it, but are they obligated? They don't believe they have to. Where we've tried to attack it and they say: No, we're not going to close, I'll be damned if they don't do it 2 weeks later. What kind of bargaining power after a plant's already going to close do you have? They're going unless you have a bunch of their other operations under contract to your union. You have no position to bargain with them.

That's all.

Mr. CLAY. Fred?

Mr. FEINSTEIN. No questions.

Mr. CLAY. Edie?

Ms. BAUM. I do have one question, You had mentioned in passing the Wisconsin law and the Maine law.

Mr. BAUGH. Wisconsin, I believe, requires a 60-day notice, and Maine just requires severance pay.

Ms. BAUM. If you move more than 100 miles or something.

Mr. BAUGH. You had more than 100. In Maine it's if you had more than 100 employees and you had more than 3 years' seniority, you could require minimal severance.

Ms. BAUM. Under the Wisconsin where they require a 60-day notification——

Mr. BAUGH. It's 100 employees also.

Ms. BAUM. Is it? Do you know what's going on up there, the experience up in Wisconsin?

Mr. BAUGH. The experience, as far as I know—I was back there about 4 or 5 months ago teaching some classes for our workers, and they, frankly, weren't familiar with the law. It was fairly new at that time.

Ms. BAUM. 1975, I believe.

Mr. BAUGH. There just weren't a lot of them with no operations that weren't affected, because they were under 100 workers. They knew about it, but I found something more interesting that I discovered back then, though, in terms of corporate benefits, industrial bonds being used in cities, industrial tax abatements from local communities to companies to move in and to encourage business to move there. Wisconsin had a program like that for a number of years. They just did a big study of how successful it was in attracting new business. They found 95 percent of the people that had taken advantage of the abatement in industrial bonds for local communities to build a company plant had encouraged instate moves from one little community to another 100 miles apart, where the company owned a building and ran it themselves; they move 100 miles away, and the community pays for it, and it didn't increase any employment. It increased the community loss. They also lost the 75 jobs over here.

Of that 95 percent, the moves are businesses changing that have taken place, they were all instate. It hasn't attracted any new business. That doesn't exactly answer your question.

Mr. CLAY. That's what's happening in the South now. The businesses moved down there 24 or 30 years ago to get the tax abatement. It's now expired.

Mr. BAUGH. They've seen cases of that. The textile industry, I think, is the best example of that, where they sure as hell ran south in the 1940's, and now they're just not, so will run overseas. They don't care. They don't have to, and we want to make them stay here.

Mr. CLAY. Any further questions?

Ms. BAUM. I just wanted to go back to the NLRB again. You brought up an issue about not getting information when you hear the rumor of plant closing. You know, there's a possibility of filing an unfair labor practice charge and then the possibility of seeking a 10(J) injunction——

Mr. BAUGH. Right.

Ms. BAUM. And I understand the new general counsel is more inclined to issue 10(J) injunctions. It's just a process you may think about.

Mr. BAUGH. Of course we encourage our people to do that. Our standard rule, hey, if you hear anything about a closure, you go ask the company, and you don't just ask the foreman; you go ask the company. Best thing possibly is to get a registered letter, get this to them. If they say no, if they don't respond, you've got another problem.

Ms. BAUM. I just believe in the National Labor Relations Act. In fact, I think it's got possibility if its used properly.

Mr. BAUGH. I concur with you.

Ms. BAUM. I'm not on one side or the other. I just think it should be used. Thank you.

Mr. CLAY. Thank you. We certainly appreciate your testimony.

Mr. BAUGH. I will add this study of collective bargaining agreements.

Mr. CLAY. Without objection, we'll include that in the record.

[Material submitted by Bob Baugh follows:]

Department of Research, Education
and
Collective Bargaining Coordination

SHUTDOWN: MILL CLOSURES & WOODWORKERS

by Bob Baugh
IWA Research Assistant

"As of next Tuesday this mill will be permanently closed."

Maybe it was a notice tacked on the bulletin board or perhaps the management was courteous enough to inform the employees in person. The effects are the same: frustration, disappointment and worry. "What about the family, bills....my pension, health benefits, vacation pay....This was always something that happened to somebody else in Kalama, Washington, Coos Bay, Oregon or McCloud, California. What will I do, where will I go, what can the union do? The company can't get away with this."

Unfortunately, in most cases they can "get away with it."

Closures and Causes: The IWA

Woodworkers have always been plagued by bouts of unemployment in an industry noted for its cyclical and seasonal swings. But now many other factors are coming into play. No longer is it temporary layoffs due to the whims of the weather or the housing market. Rather, the layoffs are becoming permanent in nature due to past and current business practices.

The causes of closure vary and it's hard to pinpoint any single reason but a number crop up frequently. There is also a parallel in the pattern of closures between IWA Regions. Region II has suffered shutdowns and consolidations of furniture plants just as smaller companies in the West have been gobbled up by major corporations. Region IV has witnessed the failure of small independent marginal companies while others have closed because of overcutting of timber resources. What are now Regions IV and V were wiped out of the timber industry in the early 1900's because the resource was depleted and not replaced. Today both Regions I and III are facing up to a resource shortage because of an overcutting of private lands in the U. S. and a deficiency in replanting in B. C. Every Region also faces the problem of old, outdated plants that were not routinely modernized, thus, making them non-competitive. While Woodworkers continue to suffer job losses because companies did not or will not learn from past history, a newer more dangerous factor in mill closures has appeared.

All IWA Regions are faced with the challenge of the multinational runaway shop syndrome. Consolidations in the wood products industry has bred more than just some companies that swallow up others -- it has created a beast with a life of its own. Larger than the simple constraints of the nineteenth and early twentieth century laws, big corporations do as they please. They run South or overseas seeking the business conditions they like best: cheap resources, low wages, low taxes, and no unions. Most times they are successful in their efforts.

Another facet of the multinational problem hits at the heart of Region III -- log exports. While billions of board feet of high quality logs are shipped overseas, domestic mills scramble to compete for the short supply of second grade timber left behind. One multinational proclaims its good intentions in "carrying coals to Newcastle," i.e., shipping logs from Chile to Oregon. Most mills, trapped by a domestic log shortage, just shut their doors forever.

For Region III the impact of mill closures has been devastating. Since the first of the year nearly 3,000 IWA members in Region III have lost their jobs due primarily to plant closures. Jim Bledsoe of the Lumber, Production & Industrial Workers (LPIW) reported a similar pattern for his union at the Region III Twentieth Annual Constitutional Convention in March 1979. "We have lost over 6,000 members directly due to plant closures. Since our settlement in 1975 we have had over 35 plant closures. We have had areas almost decimated. Our membership has fallen from about 44,000 (a high in 1973) to 35,000 due to plant closures and layoffs."

In the wake of closures are left despair, frustration and the economic dislocation of both the community and the region.

Closure: Bringing It All Home

Labor writer David Moberg recently wrote a series for the weekly paper, In These Times (ITT), on plant closures. His series subtitle captured the painful essence of a shutdown: "Shuttered Factories, Shattered Communities." Though the focus of this insightful series was on the declining steel industry of the Midwest, the physical, psychological and economic consequences of a closure hits home for every Woodworker. Like the steel mill workers Moberg writes about, Woodworkers live in areas where the wood products industry is the lifeblood of the community. A shutdown can mean the agonizing death of a community -- in too many cases it has.

The economic impact of a closure on a decently paid union worker is startling -- the loss of roughly two year's earnings in the first five years after shutdown. For some it will mean the loss of 10%-15% of total working career earnings. The workers who are forced to retire early lose dearly. Those with three to eight years

of seniority are the most vulnerable in the long run because their loss affects more working years. This very personal economic impact of closure is also shared by the entire community.

Last year Youngstown Sheet and Tube of Youngstown, Ohio permanently layed off 4,100 workers. A conservative study by the Policy Management Associates (PMA) on the community impact of the Youngstown closure spells out the financial burden: 1,650 to 3,600 additional jobs lost, retail sales drop of $12.2 to $23 million each year, and total sales lost in the range of $66 to $102 million. And other costs would add up as well: a loss of $7.8 million in local taxes, a county tax loss of $1.1 million, a state tax loss of $8 million, a federal tax loss of up to $15.1 million -- in all, between $26.8-$32 million in lost tax revenues. The government would also have to put in Trade Readjustment Assistance of $34.2 to $37.9 million. All totaled the conservative PMA estimates still come to nearly $70 million in slightly over three years. Nor is this the end, as there is no real measure of total economic disruption -- business failures, public services lost and civic institutions undermined. In a mill town, whether it's wood or steel, a factory closure can destroy the focus and meaning of community life.

The destruction a shutdown can wreak upon community and home life goes far beyond money. The tragedy of depression, despair, broken marriages and health problems show up as statistics in scientific studies. Moberg's ITT series cites a study by Sidney Cobb and Stanislaw Kasl of the psychological and physiological effects of two plant closings. The researchers found:

> "Increased frequency of ulcers in the layed-off men and their wives, greater likelihood of future heart ailments and diabetes, greater hypertension and more swollen joints. Most of the men compared the experience of the factory closing with the stress of getting married (midway on a scale of life events where 10 equals a traffic ticket, 80 divorce and 100 death of a spouse), but over one-fourth found the experience as shattering as divorce or more so. It took most close to half a year to recover, but as time went on those who were still unemployed tended to blame themselves for their plight. Some became convinced that they couldn't hold a job. Others eventually turned to suicide -- at a rate 30 times greater than the national norm."

Unemployment does make you sick. Studies bear this out. A recent report for the Joint Economic Committee by Harvey Brenner concluded:

> "A one percent increase in unemployment over six years has in recent decades been associated with an increase in 36,887 deaths, including 20,240 from heart ailments, 920 suicides, 648 homicides, 4,227 state mental hospital admissions and 3,340 state prison admissions."

In Youngstown, social service agencies have borne the shattering effects of the shutdown: Help Hotline calls doubled; battered women/child abuse and/or marital problems tripled; and the local Alcoholic Clinic saw increases of Steelworkers seeking treatment.

Any closure is an ugly, brutally real tragedy for home and community life. The effects go far beyond the layed off individual. It is a social and societal problem when a mill closes and workers are thrown out of work. The question is: how can workers, especially organized ones, respond to the personal and social devastation of a mill closure?

Two Approaches

At this point in time, the IWA and the governments of both Canada and the United States have a long way to go. The most immediate form of relief available to any worker is the contract -- if it covers plant closures. Collective bargaining is the point at which Woodworkers raise the issues that address the needs of hours, wages and other conditions of employment. Today only a handful of IWA contracts have language specifically addressing a plant closure. As a result, when a closure occurs, the union is then faced with bargaining a closure agreement -- after the company has already made its move -- and, the union is in a weakened position. This can be seen by the ranges of IWA closure agreements as they have no set pattern -- ranging from very good to nothing at all. To offset this, one approach is to bargain language on closures into the contract.

The second approach is political or legislative. Mill closures are a social problem demanding a societal response. This means the government, as an agent of society, should provide relief and protection for its people. For IWA Local 1-217 members at MacMillan Bloedel's Van-Ply operation, union action and government pressure prevented an announced shutdown. Through IWA efforts and studies, the entire British Columbia plywood industry has been put on notice that their arbitrary actions will no longer be tolerated. And the government has been forced to join with the union on this issue. The point is, political action/legislative relief is a second very real response to the onslaught of mill closures faced by both the IWA and all other trade unions in Canada and the United States.

The following sections deal with both a collective bargaining approach and a political approach.

57-786 O - 81 - 15

The Collective Bargaining Approach

The Bureau of National Affairs (BNA) annually conducts a Basic Patterns Survey of 400 contracts. In looking at the contract patterns concerning plant closures and technological change it is clear this is largely undeveloped territory.

The following statistics from the BNA survey point out how few contracts restrict the right of management to make unilateral technological changes or to close a plant. The following chart refers to management's retaining the sole right to do as it pleases.

Management Rights Provisions
(Frequency Expressed As Percentage of Management Rights Statements)

	All Industries	Manufacturing	Nonmanufacturing
Close or Relocate Plant	17	20	11
Change Technology	18	17	19

In 20 per cent of the manufacturing contracts, management can close or relocate their plants without discussions with the union. For technological change in manufacturing contracts, management can do as they please in 17 per cent of the contracts.

BNA figures also point out that union language on plant closures and technological change appear in only a small number of contracts.

Restrictions on Management Rights
(Frequency Expressed as Percentage of Contracts)

	All Industries	Manufacturing	Nonmanufacturing
Technological Changes	17	18	15
Plant Shutdown or Relocation	15	14	19

Only 18 per cent of the manufacturing contracts contain union language on technological change and even less, 14 per cent, address shutdowns. In other words, there is much to be done at the bargaining table.

The following sections will examine various contract clauses and the language dealing with workers affected by technological change or shutdown. There is a difference between the two but both refer to a common problem -- displaced workers. Often the language for one can be easily applied to the other. For this reason this section will look at language affecting both.

At the close of this section on collective bargaining are two documents. The documents are copies of contracts covering technological change and closure -- both are from the IWA.

Union Rights

Technological Change

The following clauses deal with various aspects of technological change. For a few, the full sample contract clause is included.

-- Definition

A technological change is defined as a change in plant, process, equipment, or method of operation diminishing the total number of employees having more than six (6) months' service required to operate the department or departments affected by the change.

An increase in productivity of employees diminishing the total number of employees having more than six (6) months' service required to operate a given department will be considered a technological change.

The term shall not include layoffs caused by denier changes, variation in customers' requirements, shutdowns for plant repairs, curtailment of production, of temporary or seasonal interruptions of work. (FMC Corporation, Fiber Division and Textile Workers /TWUA/; exp. 6/77)

-- Company shall, when practicable, inform union of contemplated changes.

-- Arbitration

It is recognized that the use of new technology, equipment, machinery, tools, energy and/or labor-saving devices and methods of performing work will be initiated by the Contractor from time to time during the Project. The Union agrees that it will not in any way restrict the implementation of such new devices or work methods. If there is any disagreement between the Contractor and the Union concerning the manner of implementation of such device or method of work, the implementation will proceed as directed by the Contractor and the Union shall have the right to arbitrate the dispute....(Alyeska Pipeline Service Company and Building and Construction Trades Department, AFL-CIO, Teamsters, and Hotel and Restaurant Employees; valid for duration of project)

-- Employees eligible for automated jobs in accordance with union contract provisions; subject to qualifying.

-- When employees are displaced the corporation shall endeavor to find work for which they are qualified and able to do.

-- In changing production methods that reduce the number of employees, the company will endeavor as far as practicable to introduce such changes in a manner causing the least possible hardship to employees.

Closure or Relocation

When it comes to closing or relocating a business, language can range from the simple right to negotiate to complex transfer and moving allowance rights for workers.

-- Union consent

During the term of this Agreement the Employer agrees that he shall not, without the consent of the Union, remove or cause to be removed his present plant or plants from the city or cities in which such plant or plants are located. (Clothing Manufacturing Association of U.S. and Clothing and Textile Workers; exp. 5/80)

-- Agreement will remain applicable

In the event that an employer shall move its factory, this agreement shall remain applicable to the plant at its new location. (Printing Industries of Metropolitan New York, Inc. and Graphic Arts Union; exp. 2/81)

-- Promptly notify the local union and immediately enter into good faith bargaining

-- Immediate good faith bargaining on impact of closing and development of a program for the relocation and employment of affected employees at nearest company facility.

-- Either party has right to terminate agreement and strike or lockout if mutual agreement on conditions or benefits cannot be reached.

-- If move is within a 50-mile radius, employees with seniority will be offered jobs at new location.

-- If move is within a specified area, employer will continue to recognize the union.

-- Employees will be given hiring status at other company locations.

-- Transfer by seniority.

-- Employees who transfer to a location at least 50 miles away from plant where layoffs occur, will receive moving allowance.

Advance Notice: Layoff

In both Canada and the United States it is important to workers to have some forewarning of a layoff. A notice of layoff provision can easily be applied in the case of a closure. A majority of contracts in both countries call for some form of notice but as the following statistics show, the layoff notice protection is very limited.

Notice of Layoff

	Total Mfg.	Per Cent of Total
Agreements	341	
No Provision	121	35.5
1 wk or less	180	52.8
2 weeks	6	1.8
3 weeks	1	.3
4 wks & more	2	.6
Graduated	9	3.5
Other	22	6.5

SOURCE: Labour Canada, 1977

Advance Notice to Employees
(Frequency Expressed as Percentage of Notice Provisions)

	No Minimum	1 or 2 Days	3 or 4 Days	5 or 6 Days	7 or More Days
All Industries	16	28	17	10	14
Manufacturing	12	30	19	9	7
Nonmanufacturing	5	3	5	3	30

SOURCE: Bureau of National Affairs, 1978

Figures from the Labour Canada Survey of Major Collective Agreements in Canadian Manufacturing Industries and the BNA Survey of Contracts (U. S.) indicated language on advance notice of layoff. They are remarkably uniform in calling for one week or less notice — Canada, 52.8 per cent of the contracts, and in the U. S., 51 per cent of the contracts. For the U. S. the figures drop when it comes to notifying the union in addition to the employees. In the BNA survey only 29 per cent of the contracts call for a one week or less notice to the union.

Advance Notice to Unions
(Frequency Expressed as Percentage of Notice Provisions)

	No Minimum	1 or 2 Days	3 or 4 Days	5 or 6 Days	7 or More Days
All Industries	15	14	9	6	7
Manufacturing	15	16	11	6	4
Nonmanufacturing	9	3	3	6	15

SOURCE: Bureau of National Affairs, 1978

Advance Notice: Technological Change/Closure

Contracts in the U. S. and Canada calling for advance notice of technological change are very limited as government figures reveal:

Advance Notice/Consultation for Technological Change

	Total Mfg.	Per Cent of Total
Agreements	341	
No Provision	209	61.3
Less than 3 mos.	35	12.9
3-6 months	35	10.3
Other (no spec. time)	53	15.5

SOURCE: Labour Canada, 1977

Advance Notice Provisions by Industry

[illegible]

Industry	All agreements		Requiring advance notice							
			Total		Layoff		Plant shutdown or relocation		Technological change	
	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers
All industries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOURCE: U.S. Dept. of Labor, 1979

In Canada, 61.3 per cent of the contracts surveyed have no provision at all. Even this is ahead of the U. S. which has no provision in nearly 90 per cent of the manufacturing contracts surveyed. In the U. S. survey, a few more contracts call for notice of closure or relocation than technological change but the number of workers affected remains about 10 per cent of employees covered by the manufacturing contracts surveyed.

The net result of all the surveys on notification is employers are basically free to do as they please. There is only minimal notice, a form of worker protection, demanded by most contracts.

Transfer Rights

After the union has been notified of a closure or technological change, many layoff provisions can come into play. In cases of partial closure or layoff, seniority, bumping, recall, etc. are all very important. Most IWA contracts cover these areas as do many manufacturing contracts.

Layoff Provisions

(Frequency Expressed as Percentage of Contracts in each Industry)

	Seniority Applied In Layoffs	Bumping Rights Allowed	Advance Notice of Layoff Required	Recall After Layoff Specified	Bumping Permitted	Work-Sharing Provided	Special Prov. For Technol. Displacement
ALL INDUSTRIES	88	44	44	79	38	16	9
MANUFACTURING	90	64	55	85	67	21	10

SOURCE: Bureau of National Affairs, 1978

One of the major concerns especially in the face of a long-term or permanent layoff is transfer rights. Some IWA contracts do cover this as shown in the contracts at the end of the collective bargaining section of this report. The following are samples of transfer/job rights from other unions.

-- During the first 24 months of production in a new plant, layed off seniority employees from other corporation plants shall have priority over new hires.

-- Opportunity to transfer upon layoff to another geographical area where vacancies exist.

-- When company closes a plant and replacement plant is established, layed off seniority employees shall be offered employment by seniority at the replacement plant.

-- Transfer permitted if it does not result in demotion or layoff of regular employees.

-- In case of permanent closure of any plant, affected employees may invoke total company seniority to obtain a job in plant or plants continuing operation.

-- When an operation is closed, employees shall have the right to transfer back to former company operation in which employee worked.

Income Maintenance

When faced with permanent layoffs due to a shutdown or technological change, the immediate concern of workers is the loss of income. Though other losses from layoff, such as health insurance, pension credits, seniority rights, etc., are of vital importance in the long term, It is the short-term loss of weekly income that puts the pinch on the immediate needs of food, clothes, housing and energy. Unemployment compensation offers limited protection, but buys little time. One result of the increased rate of shutdowns in the U. S. in the 1970's has been more contract language covering income maintenance.

Trend in Income Maintenance Provisions

(Frequency Expressed as Percentage of Contracts)

	1966	1971	1975	1978
Income maintenance provisions	38	40	48	49
Work or pay guarantees	6	3	6	9
Severance pay provisions	29	34	39	37
SUB plans*	14	16	17	16

*All percentages include convertible plans.

SOURCE: Bureau of National Affairs, 1978

According to the BNA survey, income maintenance provisions rose from 30 per cent to 49 per cent of the contracts surveyed during the years 1966 to 1978. When broken down further, the BNA figures reveal U. S. manufacturing contracts have even a higher percentage of income maintenance provisions.

Income Maintenance Provisions
(Frequency Expressed as Percentage of Contracts in each Industry)

	Income Maintenance Provisions	Work or Pay Guarantees	Severance	SUB
ALL INDUSTRIES	49	9	37	18
MANUFACTURING	59	5	46	36

SOURCE: Bureau of National Affairs, 1979

For Canada, the 1977 manufacturing contract survey reveals a very similar pattern.

Severance Pay & Supplementary Unemployment Benefits

	Total Mfg.	Per Cent of Total
Agreements	341	
No Provision	144	42.2
Severance Pay only	116	34.0
SUB only	34	10.0
SUB & Severance	45	11.0

SOURCE: Labour Canada, 1977

In Canada, 42.2 per cent of the contracts have no provision for severance pay or supplementary unemployment benefits. The BNA survey indicates the U. S. figures to be in the 45 per cent range.

Three types of income maintenance are: work or pay guarantees, severance pay, and supplemental unemployment benefits (SUB). Work and pay guarantees are protection of pay levels or workweek hours while working. They are not a great deal of help in a long-term layoff or closure. This is where severance pay plans, or SUB, are crucial to help blunt the impact of job loss.

Severance Pay

Severance pay is the most common form of income maintenance. Usually these plans call for a minimum service requirement and often demand that employees accept other work offered by the company. Employees rehired after having received severance pay generally are regarded as new hires.

The following sample clauses cover some of the reasons for severance pay and formulas. (Also see IMA agreements at end of report.)

- Permanent closure resulting in permanent termination will put into effect the severance pay policy.
- Employees layed off due to technological change shall be eligible for severance pay at the expiration of their unemployment compensation benefits.
- Employees layed off due to lack of work or plant suspension, merger, conversion or sale shall be eligible for severance pay plan.
- An eligible individual shall receive severance allowance based upon the following weeks for the corresponding continuous Company service:

Continuous Company Service	Weeks of Severance Allowance
3 years but less than 5 years	4
5 years but less than 7 years	6
7 years but less than 10 years	7
10 years or more	8

- Eight hours for each of first five years service; 40 hours for each year in excess of five years.

Supplemental Unemployment Benefits

SUB plans vary as greatly as severance pay plans do. There is no set pattern. While the United Auto Workers SUB plan may guarantee 95 per [illegible] workers normal weekly pay for up to one year, another plan may call for a flat weekly rate with a three-month time limit. Most SUB plans fall into two main groups: a pooled fund system, and the individual account plan. A pooled fund system only provides benefits in the event of a lack of work. With an individual account plan an employee has a vested right to the funds and may withdraw the full amount at termination. Most of the plans surveyed by the BNA fall under the pooled fund.

The following subsections cover the major provisions in the SUB plans surveyed by the BNA:

- Full Week Benefits

  Most common method is payment of an amount equal to a percentage of the employees take-home pay, with the amount of unemployment compensation (UC) for the week usually subtracted.

  Another method is payment of a multiple of an employee's hourly rate (usually minus UC).

- Maximum Payments

  A mixture of flat weekly maximums ($30, $50, $65, $80, etc.), split payments for weeks in which UC is paid, and a maximum only when UC is not being paid or employee refuses an offer to work.

— Minimum Payments

In the range of $3 to $10; some plans also include a dependents allowance.

— Duration of Benefits

Most call for credit units based upon weeks worked up to a specified number. Upon layoff the credits are used as SUB and paid out. Duration varies greatly among all plans.

— Seniority Requirement

Usually SUB plans call for one or two years to be eligible.

— Employee Obligations

Must apply for SUB, must register for work, must accept suitable work, must be eligible for UC.

— Short Workweek Benefits

A number of plans call for payment up to 100 per cent of straight time pay lost. This is more of a wage or hour guarantee.

Sources:

Statistics used in the preceding sections on collective bargaining are drawn from: Labour Canada, 1977: Provisions In Major Collective Agreements Covering Employees in Canadian Manufacturing; the Bureau of National Affairs: Basic Patterns of 400 Contracts Annual Survey; and, U. S. Department of Labor 1979: Characteristics of Major Collective Bargaining Agreements, July 1, 1976.

Sample Contract

The following contract sections are from IWA Local 2-337 and Consolidated-Bathurst, Ltd. at St. Thomas, Ontario. These provisions offer a graphic example of negotiated worker protection from plant closure or technological change.

Article 10 - Seniority

10.06 Should a layoff be occasioned as a result of an occupation being discontinued, it is agreed that the Company will discuss suitable arrangements for the employee with the Union, if the articles of this present section are not deemed adequate. Suitable arrangements could include retirement, job transfer, or job retraining, etc.

Article 19 - General

19.17 Automation

The Company will advise the Union as soon as possible before the introduction of technological changes and/or automation which the Company has decided to introduce that will result in significant changes in the employment status of employees.

19.18 The Company will discuss with the Union the effect of such changes on the working conditions of employees and consider ways and means of providing alternate employment opportunities within the Company for employees displaced by these changes.

19.19 In the event that the Company is unable to offer alternate employment opportunities within the Company and employees are laid off as a direct result of technological change and automation, severance pay will be provided to such eligible employees as follows: Regular employees with ten (10) or more years of service will be entitled to a severance allowance on the basis of forty (40) hours pay for each year of service at the employee's current hourly rate. One-half of the amount so calculated will be paid after the employee has been laid off for a period of two (2) months. The second half of the severance allowance will be paid after the employee has been laid off for four (4) months.

19.20 It shall be the responsibility of the employee to apply for severance pay.

19.21 If an employee is recalled to work before any severance pay is due, no severance payment will be made. Any employee who refuses or is not available for recall (except for reasons of sickness or accident) shall forfeit all right to severance pay and recall.

19.22 An employee who has received a partial severance payment who, if recalled and accepts such recall prior to receiving final severance payment, shall retain full seniority rights, but will be entitled to only the unpaid portion of his severance allowance, added to any new accumulation of severance pay commencing on his return to employment, in case of subsequent lay-off due to technological change and automation.

19.23 An employee who has received full severance pay and who is subsequently re-hired will be considered as a new employee in all respects.

19.24 Employees eligible for severance pay as provided by Government legislation will receive either the Government legislated provision or the Company severance pay provision, whichever is greater.

19.25 Recall procedures under this policy will be in accordance with Article 10 of the Labour Agreement.

19.26 <u>Plant Closures</u>

In the event of the planned closure of the entire plant, the Company will notify the Union as soon as possible of such plans but in any case not less than two (2) months prior to the closing date.

19.27 Eligible employees terminated as a result of the plant closure will receive severance pay as follows:

(a) An eligible employee with one (1) to ten (10) years of service will receive twenty (20) hours pay for each year of service, at the employee's current hourly rate.

(b) An eligible employee with more than ten (10) years of service will receive twenty (20) hours pay for each year of service up to and including ten (10), and forty (40) hours pay for each additional year of service at the employee's current hourly rate to a maximum of one-thousand and forty (1040) hours total severance pay.

19.28 In order to be eligible for severance pay under this Article, employees must be on payroll at the time of the announcement of plant closure, have one or more years of service, and remain in the employ of the Company until the closing of the plant, or until the employee's services are no longer required. Employees eligible for any early retirement benefits proposed by the Company will be entitled to either the early retirement benefit or the severance pay.

19.29 Employees eligible for severance pay as provided by Government legislation will receive either the Government legislated provision or the Company severance pay provision, whichever is greater.

Closure Agreement

The following closure agreement illustrates the many negotiable items to be considered in a shutdown. This agreement covers numerous items that many others do not. Currently, most IWA contracts do not have specific language to deal with closures. Thus, negotiated settlements take place after closing or after announcement of intention to close.

The closure agreement between IWA Local Union No. 3-17 and the Chelatchie Plant Operations of International Paper contains language covering many of the collective bargaining objectives covered in the preceding sections. Local 3-17 negotiated termination pay up to a maximum of $4,500 for employees unable to obtain employment at other company locations. For those seeking continued employment with IP, a preferential hiring system has been installed with a lump sum relocation assistance program. In addition, language covering early retirement, seniority protection, vacation and holiday pay, and health and welfare benefits is included in the settlement.

AGREEMENT

BETWEEN

INTERNATIONAL PAPER COMPANY
WOOD PRODUCTS & RESOURCES GROUP
CHELATCHIE PLANT OPERATIONS
(Company)

and

INTERNATIONAL WOODWORKERS OF AMERICA
LOCAL NO. 3-17
AFL-CIO
(Union)

The Company having heretofore properly advised Union of its desire to close its Chelatchie plant operations (excluding logging only) and the parties having engaged in collective bargaining on all issues relevant thereto upon which either party desired to bargain, and such bargaining having resulted in a final mutual agreement in settlement of all issues,

NOW, THEREFORE, IT IS AGREED:

1. Cessation of Plant Operations

The Company will proceed with its plans to close the Chelatchie plant.

The curtailment shall be in accordance with the terms of Article VIII-Part 3 (K) of the current collective bargaining agreement between the Company and the Union.

Work normally done by bargaining unit employees during the closure will be assigned on the basis of seniority, classification and competency considered.

2. Termination Pay

Employees who cease employment with the Company as a direct result of the closure of the Chelatchie plant and who do not obtain employment at another Company location under the preferential consideration program described herein shall receive lump-sum severance pay calculated at one (1) hour of pay for each full month of continuous Company service not to exceed $4,500 per individual. Such hourly pay shall be computed at the employee's classification and rate (including any applicable shift differential) in effect on April 16, 1979.

In order to be eligible for termination pay, the individual must (1) have been an employee on April 16, 1979, and (2) remain at Chelatchie until curtailment by seniority or release by the manager.

Those employees with less than one (1) year of continuous Company service as of their date of curtailment or release and who have less than 1200 hours since June 1, 1978 will be eligible for preferential consideration for employment at the Company locations listed in the following Section 3, but they shall not be eligible for termination pay.

Termination pay shall be paid by separate check.

3. Preferential Consideration for Employment

Employees who become unemployed as a direct result of the closure of the Chelatchie plant will receive preferential consideration for hourly IWA- or LPIW-represented job vacancies which may occur at the following Company operations: Chelatchie (Logging), Longview (Cabinet Factory), Vaughn, Gardiner, and Weed. This consideration will last until August 1, 1980 or until the employee applies for termination pay, whichever date occurs first.

In order to receive this consideration, the individual must:

(1) have been an employee on April 16, 1979;

(2) be qualified for such consideration in the sole judgment of the hiring location;

(3) remain at the Chelatchie plant until curtailed by seniority or released by the manager.

Preferential consideration resulting in employment at the above-described operations will be in lieu of termination pay.

4. Options for Termination Benefits

Employees who are eligible for termination pay will have the option of:

(a) Accepting termination pay at the time their active employment ceases, in which case they will not receive preferential consideration for employment at other Company locations, or

(b) Deferring termination pay, in which case they will receive preferential consideration for employment at other Company locations.

Employees who opt for preferential consideration for employment may revoke their option at any time prior to August 1, 1980 and accept severance pay.

Employees who opt for preferential consideration but who do not obtain employment at another Company location by August 1, 1980 will receive termination pay at that time.

Employees who obtain employment at another Company location under the preferential consideration program and complete the contractual probationary period at the new location will not receive termination pay.

Employees who receive termination pay will not be eligible for preferential consideration for employment beyond the effective date of their termination pay.

All of these options are subject to the remaining provisions of this agreement.

5. Relocation Assistance

Employees who become unemployed as a direct result of the closure of the Chelatchie plant who obtain employment at the above-described Company operations at Longview, Vaughn, Gardiner, or Weed under the preferential consideration program and move their residences shall receive the following lump-sum allowances for employment at the following locations:

Longview	-	$100
Vaughn	-	$200
Gardiner	-	$250
Weed	-	$400

Since relocation allowances are taxable, they will be "grossed up" for the estimated taxes payable by the employee.

6. Pensions

Employees who are eligible for early retirement under the Pension Plan at the time of their curtailment may defer application for retirement until age 62, when their pension will be based on the benefit factors in effect at that time without actuarial reduction.

Employees who are otherwise eligible for termination pay will receive such termination pay regardless of their pension status or their decision to retire or not to retire following curtailment.

7. Vacations

If employees remain at the Chelatchie plant until their curtailment by seniority or release by the manager, and such curtailment/release (and separation) date occurs prior to June 1, they will receive vacation pay at the June 1, 1979 rates.

Vacation pay for employees who remain at the Chelatchie plant until their curtailment by seniority or release (and separation) by the manager will be based on their classification in effect on April 16, 1979.

Employees who obtain employment at another Company location under the preferential consideration program will retain their vacation seniority date for vacation benefit purposes, subject to agreement by the local union at the new location.

8. Holidays

Employees who obtain employment at another Company location under the preferential consideration program will not be required to serve the normal 31-day waiting period for holidays that occur after reporting for work at the new location, subject to agreement by the local union at the new location.

All employees actively employed at the Chelatchie plant on June 1, 1979 or thereafter shall receive two days holiday pay computed at the employee's classification and pay rate on that employee's last day of work. Such pay shall be given with the final pay check. This agreement shall be in lieu of the scheduling, observance and pay for floating holidays in the upcoming contract year starting on June 1, 1979.

9. Health and Welfare

For health and welfare purposes, the term "terminated" used in this document shall be interpreted to mean "laid off." Employees at least age 60 at the time of their curtailment who need more than the 12-month self-pay coverage to reach retirement age at 62 will have sufficient vacation hours from the 6/1/78 - 5/31/79 vacation base year withheld and reported to the Nelson Trust in 1980 in order to reactivate the self-pay provisions long enough for the employees to reach 62.

10. Unemployment Reporting

Those employees terminated as a direct result of the closure of the Chelatchie plant will be reported "terminated through no fault of their own" for the purpose of unemployment insurance reporting.

11. Continuation of Benefits During Disability

The terms of Article XVII - Holidays, paragraph D(1) and Article XVIII - Vacations, paragraph (B)(3)(b) contained in the current collective bargaining agreement shall remain in effect for those employees who are on industrial disability on the date they would have been curtailed.

12. Final Agreement

This agreement represents the full and complete understanding of the parties concerning the decision to close the Chelatchie plant and the effects of that closure. The employment relationship between each employee and the Company shall be deemed terminated as of the date said employee leaves the Company, and all employer obligations will cease, except those owed to a person as a former employee.

It is agreed, however, that any Chelatchie logging employees who cease employment with the Company as a direct result of the closure of the Chelatchie plant within one (1) calendar year after the effective date of this agreement shall be covered by the provisions of this agreement.

Any questions arising from this closure shall be determined exclusively in accordance with the provisions of this agreement and not in accordance with any of the terms or provisions of the current collective bargaining contract.

Dated this 22nd day of May, 1979.

INTERNATIONAL PAPER COMPANY

By [signature]
Area Manager

INTERNATIONAL WOODWORKERS OF AMERICA, LOCAL 3-17, AFL-CIO

By Eugene D. Reiman

The Political Approach

During the past year there have been a number of innovative attempts to deal with shutdowns. In a number of States legislation was proposed to protect workers and communities from plant closures. The main thrust of the legislation was advance notice, economic justification and worker retraining. While none passed this go-around, many more are expected to be introduced in the U. S. Recently, a national plant closure bill was introduced at the federal level in Washington, D. C. It is long overdue.

Legislation

Just how long it is overdue is made clear by the recent report, Economic Dislocation. A study by the UAW, Steelworkers and the Machinists Union of three countries (Sweden, West Germany and Britain) was most revealing. They learned the European Economic Community (Common Market) is issuing to member countries a binding directive "which will provide minimum standards for national legislation to regulate corporate behavior with respect to plant shutdowns and mass layoffs." The directives call for advance notice to unions, governments and individual workers. It also mandates prior consultation with unions and government and establishes minimum severance pay standards. Ironically, most of the Common Market countries already exceed these minimums.

For the past several years similar legislation has been introduced at the federal level in the U. S. The most recent legislation was introduced this past August in Congress by Representative John Dingell (D-Mich.). Called the National Employment Priorites Act of 1979, the bill is a strong attempt to protect communities and workers from the devastation of no notice arbitrary plant closures.

The National Employment Priorities Act of 1979 as introduced to Congress in August 1979:

1. Two years notice would be required for plants with over 500 employees; eighteen months notice for those with between 100 and 500 workers, and six months notice for those with less than 100.
2. A National Employment Priorities Administration (NEPA), under the Department of Labor, would conduct an investigation of any proposed closing or transfer, including public hearings and discussions with the plant owners.

   After the investigation, the NEPA would issue a report, either recommending ways to avoid the closing, or if this is not possible, means of minimizing its impact on the employees and community.
3. The company would be required to offer its workers transfer to any other establishment under its control, at the same wage rate and with all relocation expenses paid by the firm.

4. If no such transfer were possible, and if no other job in the area were available, the company would be required to pay each worker 85 per cent of his average wage for up to 52 weeks. These payments would be reduced by the amount of unemployment compensation received by the worker. Extensive job-training programs would be made available.

5. In addition, the company would have to make a one-time payment to the local government of 85 per cent of the resulting tax loss. If the closed plant were being moved overseas, the company would also have to pay the federal government three times the resulting income tax loss.

6. To help keep a plant from closing, the NEPA would be authorized to provide loans and loan guarantees, technical assistance, and marketing advice, and even assistance in changing its product line. In addition, the NEPA could give the company a five per cent credit in bidding on federal procurements.

7. Other firms affected by the closing could also apply to the NEPA for aid in surviving the loss of business caused by the plant's closing.

Government/Community/Worker Control

Another angle or offshoot of the legislative protection is a form of government/community/worker involvement in decision-making. The UAW response to the Chrysler crisis offers one perspective. In this case the UAW said it would be willing to hold back on wages and support a government bailout if the government became a partner, workers were guaranteed representation in running the company and Chrysler would shift production to mass transportation vehicles like buses and light rail vehicles (which U. S. cities cannot purchase domestically). Chrysler didn't agree with the proposal.

Still another approach to the government/community/worker ownership option to closure is the actual takeover. In Youngstown a coalition of community people and layed off Steelworkers made an attempt to reopen the shutdown Campbell Works of the Youngstown Sheet & Tube Company. After many studies of markets, production, modernization, etc. they presented the government with a strong case to support reopening the mill. The federal government backed off -- not willing to loan the money to the community of Youngstown.

The IWA is not unfamiliar with either the community control or worker representation approaches. In 1974 the government of British Columbia salvaged Kootenay Forest Products which employed 450 IWA members -- Kootenay was about to go out of business. The original management was retained but workers there soon demanded "immediate appointment of a worker representative from each of Kootenay's two mills to the Board of Directors." The then NDP government of British Columbia agreed and two workers were appointed. The mill and jobs were saved and the company is still operating today.

The following documents are a Brief Summary of Plant Closure Options, the UAW Plant Closure Program, and the Official Recommendations of the Report on Economic Dislocation. The UAW plan was first suggested in July 1978. Their 7-point program appears to be a model for the recently introduced National Employment Priorities Act of 1979. While making demands similar to the legislation, the UAW program goes a step further in calling for a "last resort" panel which would investigate other avenues of continuing plant operations. The UAW has followed through on this idea in the current Chrysler crisis with ideas for government/community/worker control and new products. The UAW program and the Report on Economic Dislocation both offer insightful remedies to a problem faced by trade unionists throughout the world. For an IWA beset by closures in an increasingly concentrated industry, practical application of programs like these are a must.

Department of Research, Education
and
Collective Bargaining Coordination

BRIEF SURVEY OF PLANT CLOSURE OPTIONS

1. Negotiated plant closure agreements including preferential hiring at other plants of the company, maintaining all service credits for fringe benefits. The worker, if eligible under the provision, still has the often difficult decision to make about moving to another locale, relocating his family, possible lower living standards at the new location, etc.

2. Early retirement for employees with sufficient service credits is available to many workers. The employee then has to decide whether his family can live on the retirement income, whether he wants to retire at this stage of life, etc. The Employee Retirement Income Security Act of 1974 (ERISA), as well as collective bargaining agreements, protects the employee by guaranteeing all vested pension benefits for employees covered by pension agreements and plans.

3. A few unions have negotiated Supplemental Unemployment Benefits (SUB) plans, which provide for the supplementation of unemployment benefits up to 80 per cent of normal weekly gross pay, as well as short work-week benefits. These plans often provide for benefits lasting longer than the state unemployment compensation payments. If a worker does not qualify for a pension, or wants to delay receiving pension benefits (and the agreement allows it), the SUB benefits can provide the family with more money to live on while the worker is unemployed.

4. Although plant closures in the forest products industry are more likely to result from log exports than from wood imports, there may be instances where the workers are eligible for Trade Adjustment Assistance (TAA) benefits. A local union may file a TAA petition if it appears that imports caused the plant to close permanently or contributed to layoffs. The petition is filed with the U. S. Department of Labor and, if certified, eligible workers are provided with trade readjustment allowances during periods of unemployment or underemployment. The program also assists workers to regain satisfactory employment through the use of a full range of manpower services and, if needed, job search and relocation allowances.

5. Another option, particularly for younger workers, might be retraining under the Civilian Employment and Training Act (CETA) and/or the Continuing Education Title of the federal Higher Education Act. Pacific Northwest Labor College (PNLC) is involved in CETA (and other) job training programs and plans to expand this function.

RRO:jj
opeiu#1afl-cio
8-22-78

Department of Research, Education
and
Collective Bargaining Coordination

UAW PLANT CLOSURE PROGRAM

In July 1978, the United Auto Workers called a 7-point program to deal with problems of plant closings and plant relocations:

1. Creation of public bodies to exercise control over plant relocations. Specific criteria should be met before any plant is given approval to close or relocate.

2. Advance notice to workers who may be displaced by plant movement, and opportunities for those workers to transfer and receive sufficient relocation allowances.

3. Displaced workers to receive a transition income comparable to their income prior to the plant move, continued health and medical coverage, and expanded job search and retraining programs.

4. Affected communities to be protected from tax revenue loss. Corporations that relocate should be required to pay a tax to a community-state readjustment fund equal to a percentage of the annual lost wages resulting from their action.

5. Federal tax codes to be amended to remove incentives to relocate. Plant shutdowns, moving and relocation expenses should be disallowed as deductions unless stringent conditions regarding the workers and community are met.

6. A "last resort" panel to investigate the possibility of continuing plant operations under different auspices.

7. Federal, state and local governments to require businesses to file detailed, accurate information on closings, openings and transfers of work.

Citing a 11-year study of the health effects of plant closings, UAW Vice President Marc Stepp noted that "among the workers studied, there was a suicide rate about 30 times the national average." The study also revealed a higher than normal incidence of heart disease, high blood pressure, ulcers, extreme depression, anxiety, and other mental strain among displaced workers, he said.

To make matters worse, "workers generally lose health benefits when they lose their jobs. Fewer than 30 per cent of the unemployed have any health insurance at all. When the displaced worker has the greatest need for health insurance, coverage most often is out of reach," he noted.

"Labor Department studies of workers idled by plant closings indicate that about 40 per cent remained unemployed two years after being laid off.

"It's not only the worker who suffers when plants close or relocate -- the community suffers as well," Stepp said. "At the very time when local and state governments experience increased demand for social services to deal with the aftermath of a plant shutdown, the tax revenues to pay for those services disappear along with the plant."

Stepp said a recent trip to Europe gave him an opportunity to study how other countries handle the plant closings problem. "The approach there is generally so far superior to what we have in the United States that it's appalling. Take West Germany, for example. Any proposed closing or relocation must be submitted to a works council elected by the employees. If they do not agree, binding arbitration resolves the dispute."

Stepp said that in England, business applications for relocation are "considered on the basis of whether or not the proposed action will be consistent with the proper distribution of job opportunities throughout the country."

Swedish companies must negotiate potential shutdowns with the affected union to protect the workers. Otherwise, the tripartite Swedish Labor Market Board "steps in to develop alternatives to the proposed shutdown or reduction in the workforce or to assist in job search, re-training and relocation, while providing interim financial assistance," Stepp noted.

"Many American companies with European plants seem to have managed quite well in countries with strong plant relocation legislation. And for those who complain about such restrictions choking off growth, I can only point to the generally strong economic records of most of these countries, such as West Germany and Sweden, that do control economic dislocations," he pointed out.

Stepp asserted that the issue of plant relocation is closely tied to the question of worker health and safety. He criticized those employers who move from the U. S. to countries with lax or nonexistent safety and health standards. "Businesses simply shouldn't be able to export death and disease because it would cost them money to provide safe, healthy jobs to American workers," he declared.

opeiu491afl-cio
8-21-78

Recommendations of the United Auto Workers, Steelworkers and Machinists' European Study Tour Regarding Plant Closures and Economic Dislocation, May 1, 1979:

1. Federal fiscal and monetary policies should be implemented to fulfill the letter and spirit of the Full Employment Act of 1946 and the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978.

2. Advance notice of impending layoffs, dismissals and plant shutdowns should be given to government, affected trade unions and individual workers as soon as the employer contemplates the decision. Since in many cases in the United States the lag time between shutdown and a new startup or conversion of an abandoned facility is three to five years, and in many other cases conversion is never made, then a one-year mandatory prenotification period is not unreasonable.

3. Employers owe a duty to show cause why they must shut down, move operations, reduce the work force or make other planned dismissals. Accurate information about a firm's financial condition, costs and profits are essential to evaluate the necessity of a recision, move or shutdown. Production of these data and financial records must be subject to subpoena powers, and not left to voluntary compliance or to time-consuming legal discovery proceedings. It should be mandatory for companies to bargain with unions over shutdown and cutback decisions, not just over the effects of those decisions as at the present time. The company must offer to begin such bargaining well in advance of implementing its decision.

4. Reasonable proposals by trade unions, impacted workers, and government to avert shutdown or dismissals must be given a fair hearing and guaranteed a fair chance to be implemented.

5. Economic and social studies assessing employment, income, housing market and general business activity within the impacted community -- made by a proper government agency -- are mandatory.

6. Failure to comply with the advance notice, duty to provide accurate information, mandatory impact study and other requirements should invoke stiff monetary penalties. In the event a firm proceeds to move or shutdown or implement a recision after failure to show cause, it should lose federal tax incentives, credits and subsidies, be liable for the full cost of adjustment assistance and in certain circumstances face debarment from bidding on federal contracts.

7. Unless show-cause hearings determine otherwise, development of an alternative production plan for an abandoned facility is also mandatory and must include a survey of market potential for alternative products or services. Alternative production plans which are developed should meet emerging or unmet national priorities.

8. Targeted federal procurement should be utilized in support of alternative production plans, and to prevent dislocation.

9. Adjustment assistance for displaced workers, including severance pay, mandatory transfer rights (with no reduction in benefits or pay), guaranteed social security credits, health benefits and adequate income maintenance benefits are to be provided by the company until the individual is re-employed. Adequate retraining, mobility assistance and guaranteed employer-paid relocation expenses must be provided, as well as improved voluntary early retirement benefits.

10. In cases of bankruptcy, receivership or going out of business, costs of impact statements, adjustment assistance and alternative production plans are to be borne by the federal government.

11. There should be temporary short workweek programs which could be implemented when job and income loss can be averted by this means. Benefits could be financed through the unemployment compensation system, as in Western Europe.

12. Strict curbs on overtime and hiring and dismissal freezes shall be imposed on companies during the mandatory period of advance notice.

13. Under certain circumstances, and with careful safeguards against abuse, corporations and communities should be provided temporary federal subsidies to insure continuity of employment, while alternative production and job creation programs are being made. Public works projects should be coordinated into the conversion program.

14. Firms should be required to set aside a portion of their profits in a tax free Investment Reserve Fund, to be used at the direction of the proper government agency for investment purposes only in a community or region marked by high unemployment and a declining economy, targeted to provide jobs for prospective or past victims of economic dislocation. Large corporations should be required to disclose detailed plant-by-plant investment plans to an appropriate agency of the federal government. These plans should extend several years into the future, and be updated on a regular basis.

15. Tax incentives such as Investment Tax Credit, accelerated depreciation and start-up credits should be permitted only if a firm remains, expands, or makes new investment in the community or region, without causing dislocation.

16. Credit should be allocated, through special low interest rates, to those firms investing in new plant and equipment to offset economic dislocation and meet designated national priorities.

17. The nation's Employment Services must be upgraded and coordinated with mandatory listing of job vacancies, other than those to be filled by transfer or promotion, required from employers. During the one-year period of notice, workers should have paid time off to look for a new job.

18. Communities that lose tax revenues as a result of a plant shutdown must be compensated in order that vital services are not impaired or interrupted.

19. State and local tax abatements and tax exempt industrial development revenue bonds used to lure plants and industries from one region, state or community to another must be abolished.

20. When federal programs and action such as energy policies, environmental standards, international trade policy and military and civilian procurement decisions result in economic dislocation, then the federal government has a special obligation to implement job creation and adjustment assistance programs to mitigate the impact and facilitate the maintenance of a strong and viable local economy. The level and duration of benefits should be at least comparable to those provided under the Amtrak, Conrail and Redwood programs.

21. Unemployment insurance and Workers' Compensation laws must be federalized, with uniform benefit levels and qualification standards throughout the 50 States.

22. To insure uniform labor policy among the states and to prevent unfair competition based on national labor laws, Section 14(b) of the National Labor Relations Act must be repealed and comprehensive labor law reform enacted. To prevent victimization of their members by runaway employers, unions should be granted automatic recognition, with contracts continuing in full force and effect, at newly opened or acquired runaway plants. Rights of successorship must also be guaranteed, to help protect workers in plant shutdown situations.

23. Bankruptcy laws must be revised to protect workers and guarantee satisfaction of their claims, including pay in lieu of mandatory notice and maintenance of health, pension and other benefits.

24. Federal anti-trust laws must be strengthened with respect to corporate mergers and acquisitions and must be designed to apply to conglomerate mergers, which may not have anti-competitive consequences, but do result in economic dislocation and undue concentration of economic, political and social power. "Efficiency" should not be sole test used to justify conglomerate mergers; protection against economic dislocations is a valid criterion as well.

25. Foreign investment by U.S.-based corporations must be licensed so as to meet acceptable wage, benefit, hours, retirement, safety and health and environmental protection standards. Such licenses should be granted only upon assurance that job loss and other economic dislocation in the U. S. will not ensue.

26. The Department of Labor must gather, collect and periodically report on a regular basis plant closing, plant moving, and other economic dislocation data on a state-by-state basis.

27. To coordinate implementation of the above recommendations, appropriate labor market bodies at the national, regional, and community levels -- as well as workplace adjustment and planning groups when needed -- must be created.

RCB:jj
opeiu#11afl-cio
10-4-79

Successorship

Another contractual/legal problem having a major impact on the IWA membership in Region III is successorship. As the wood products industry continues its drive toward economic concentration, company mergers, sales, transfer of assets, take-overs and buy-outs will continue at an accelerated pace. For Region III, a successor company too often means the loss of both the contract and recognition rights. The law is not on our side nor do we have the current contract language to protect the union workers at a company that is being sold. Like in the case of plant closures, we are forced to try and work something out after the sale has already occurred.

The entire legal picture of successorship is confused and discouraging. In 1964 the U. S. Supreme Court upheld the arbitrability of grievances concerning the survival of the seniority and other rights of employees following their employer's disappearance by merger. The Court emphasized that there was "a substantial continuity of identity in the business enterprise." While the Court upheld the arbitration clause it did not address the question of other contract provisions.

In the 1972 Burns International Security Services Decision, the Supreme Court held a successor employer was required to bargain with the union that had represented its predecessor's employees but that the NLRB had improperly ordered the successor to honor the predecessor's collective agreement. The Court argued that a successor's honoring the contract "does not ensue as a matter of law from the mere fact that an employer is doing the same work in the same place with the same employees as his predecessor."

They further reasoned:

> "...a potential employer may be willing to take over a moribund business only if he can make changes in corporate structure, composition of the labor force, work, location, task assignment, and nature of supervision. Saddling such an employer with the terms and conditions of employment contained in the old contract may make these changes impossible and may discourage and inhibit the transfer of capital..."

The Court ruled the NLRB must establish "that the new employer is the successor and the bargaining unit remains intact." To be a successor, the new employer must continue the same product lines, departmental organization, employee identity and job functions. Since the Burns Decision, the question of majority representation has been handled by determining if a majority of the successor's employees were previously employed by the predecessor. Thus, a simple majority -- 51% of the workforce -- should guarantee recognition.

It is at this point though the legal loopholes are available to employers. A new employer is obliged to recognize and bargain if they intend to retain a majority of the old employees. The problem is the right to an employee's previous job is not protected. In 1974 the Supreme Court ruled against the Hotel and Restaurant Employees and in favor of Howard Johnsons. In this case, the new employer retained only a small portion of the seller's workforce and hired new people. The union wanted to arbitrate the matter and the Court said no. The union was then left out in the cold having lost its majority status and, thus, recognition.

The same scenario recently replayed in Burney, California with IWA Local Union No. 3-269. Publishers Paper sold their mill to Sierra Pacific. Publishers told the IWA one condition of purchase was that Sierra would not agree to assume the IWA contract. To ensure this, Sierra closed the mill and then reopened it with 30 people of which only three were former Publishers employees. The IWA was cut in the cold. Our only option is to reorganize the mill and try to bargain a brand new contract.

The situation in Burney is not unique to the IWA. As the wood products industry accelerates its concentration (mills changing owners), we can expect to see many employers use the law against us. Though the current state of the law is discouraging, it is not without hope. An August 1977 ruling by the NLRB found successorship clauses to be a mandatory subject of bargaining. A good tight successorship clause does offer a form of relief to IWA locals faced with companies being sold. In addition, there have been attempts to pass federal legislation protecting the rights and jobs of employees in a company sale.

The Political Approach

In an attempt to legislatively address successor's obligations, Senators Williams (D.-NJ) and Javits (R.-NY) submitted a bill in 1977 to amend the Taft-Hartley Act. The bill would have made it an unfair labor practice for an employer that assumes ownership or operation of a business to refuse to assume all of the terms and conditions of a predecessor contract. The bill also gave the federal courts jurisdiction over lawsuits filed against a successor employer for violation of any terms of the assumed contract. Senator Javits noted Congress already had inserted similar language within the Service Contract Act of 1972.

In 1978, George Murphy, general counsel of the Retail Clerks, also stressed the protection of employment of workers. He pointed out how a purchasing employer

can really control the question of bona fide successorship by deciding not to hire the selling employer's employees. Murphy commented:

> "Given this circumstance, the Board's present position concerning successorship does not adequately protect the union's recognitional rights and, more importantly, the employment rights of the predecessor's employees. The Board should formulate a doctrine...that the failure of a purchasing employer to hire an employee of the selling employer who was represented by a union and who wishes to work for the purchasing employer is a presumptive violation of Section 8(a)(3)."

Considering organized labor's inability to pass a moderate Labor Law Reform Bill, the prospect of any substantial federal successorship legislation is dim. Of course, this can change as unions organize, revamp and activate both their political action programs and membership. The IWA's Thirty-First Constitutional Convention very clearly addressed this pressing need in numerous resolutions. Until unions are in a political position to demand and gain legislative relief, issues of both union and societal concern such as successorship or closures will be fought out over the bargaining table.

Collective Bargaining

For the immediate protection of IWA jobs and contracts in Region III, the upcoming negotiations offer an ideal opportunity to obtain language on successors. In the past both Regions IV and V have had success in bargaining some simple language on successors. In the beginning or preamble of these contracts a simple phrase is used: "This contract is agreed to by IWA Local_____ and the _____ Company, its successors or assigns." This offers a minimal form of protection. Though, because of the tangled legal questions, more protection is needed.

Some areas in particular stand out:

1. Early notification of union and workers of possible sale or sale negotiations.
2. Notification of potential buyer of IWA contractual obligations.
3. Buyer obligation to seller to honor contract.
4. Buyer obligation to hire IWA workforce first.
5. If shutdown after sale -- then workers considered on layoff indefinately (1 year, 6 months, etc.) and must be recalled by seniority when reopened.

The following contract clauses are drawn from the Bureau of National Affairs report book, Collective Bargaining Negotiations and Contracts. Successor provisions range from simply inserting successors as in the IWA example to detailed language covering a variety of issues:

Of the IWA contracts that do contain successor language not all are the simple version as this contract clause from IWA Local Union 4-33 and Boise Cascade shows:

> This agreement shall be binding upon the parties hereto, their successors, administrators, executors and assigns. In the event the entire operation is sold, leased, transferred or taken over by the sale, transfer of interest, lease, assignment, receivership or bankruptcy proceedings, such operation shall be subject to the terms and conditions of this Agreement for the life thereof. The Company shall give notice of the existence of this Agreement to any purchaser, transferee, lessee, assignee, etc., of the operation covered by this Agreement or any part thereof. Such notice shall be in writing with a copy to the Union not later than the effective date of sale.

The United Mine Workers in late 1974, facing problems similar to the IWA, negotiated some very straightforward successor language in their national agreement:

> In consideration of the union's execution of this agreement, each employer promises that its operations covered by this agreement shall not be sold, conveyed, or otherwise transferred or assigned to any successor without first securing the agreement of the successor to assume the employer's obligations under this agreement.

The Machinists have negotiated successor language for both the union and the company:

> The provisions of this Agreement shall be binding upon the Union and the Company and its successors and assigns; and all of the terms and obligations herein contained shall not be affected or changed in any respect by the consolidation, merger, sale, transfer, or assignment of the Company of any or all of its property, or affected or changed in any respect by any change in the legal status, ownership or management of the Company.
> (AMETEK/Lamb Electric and Machinists; exp. 9/78)

This Steelworker language is short and sweet:

> It is hereby agreed that the terms and provisions of this Agreement shall be binding upon the successors or assigns of the respective parties hereto.
> (Milton Manufacturing Co. and Steelworkers; exp. 1/77)

The Teamster National Freight agreement is thoroughly detailed:

> This Agreement and the Supplemental Agreements hereto, hereinafter referred to collectively as "Agreement," shall be binding upon the parties hereto, their successors, administrators, executors and assigns. In the event an entire operation, or rights only, are sold, leased, transferred or taken over by sale, transfer, lease, assignment, receivership or bankruptcy proceedings, such operation or use of such rights shall continue to be subject to the terms and conditions of this Agreement for the life thereof. On the sale, transfer or lease of an individual run or runs, or rights only, the specific provisions of this Agreement, excluding riders or other conditions, shall prevail. It is understood by this

Section that the parties hereto shall not use any leasing device to a third party to evade this Agreement. The Employer shall give notice of the existence of this Agreement to any purchaser, transferee, lessee, assignee, etc., of the operation covered by this Agreement or any part of thereof....
(National Master Freight Agreement and Teamsters; exp. 3/76)

Addendum

At the recent Wisconsin State AFL-CIO Convention, successorship was a major agenda item for the delegates. Attorney Gerry H. Miller of the law firm Goldberg, Previant & Uelman made an excellent presentation on successors. Miller spells out the legal definitions, current union rights under labor law, legally accepted language for a successor clause and the legal protections available and actions a union can take. Brother John Sutter, director of Region IV, provided the excerpts of Attorney Miller's remarks:

EXCERPTS FROM THE REMARKS BY ATTORNEY MILLER:

The subject here is business take-overs; mergers, consolidations, asset purchases and substitutions. I'll get into definitions of those terms later on because they become important, but obviously the bottom line here is the effect of those kinds of transactions on union members and the union's labor agreement from the legal standpoint.

Until 1972 the answer to the question of what effect these transactions would have on union members and their contract was plain. In 1972, however, the Supreme Court, with many new Nixon appointees on it, changed most of the rules drastically. It's the effect of those changes that I want to zero-in on later on. Before 1972, as I said, the answer was clear and simple, and it was basically this: The buyer, and by that I mean the company that takes over the operation, had to continue employing the members and honoring their contract or the union could take it to court, or to the NLRB, and force it to answer to an arbitrator or the NLRB for refusing to do so. In other words unions had substantial legal pressure available to them to force the buyer to continue employing their people and honoring the old contract, particularly if the contract contained successors and assigns or transfer of title provisions.

That rule was the so-called Wiley rule, and many union people know it in those terms. In the Wiley case, which was a 1964 U. S. Supreme Court decision, there had been a merger of a union company with a much larger non-union company. In 1964 the Supreme Court forced the non-union company, even though it had not signed the labor agreement and the NLRB had not certified the union as its bargaining agent, to arbitrate the grievances filed on behalf of the taken-over union members concerning their seniority, their pension rights and their vacation pay.

Later on, the Wiley rule was applied to situations where the buyer had refused to hire any union employees, and also situations where there had been a number of other kinds of take-overs besides the merger which had been involved in Wiley itself.

In 1972 the Supreme Court decided a case involving the Burn Detective Agency, and in 1974 it decided a case involving the Howard Johnsons in Detroit. In those two cases the rules got revised very substantially. The answers are not either clear

or simple anymore. For starters, union people faced with a possible take-over need to know what kind of a take-over is being planned. New corporate law plays a large part in union members' and contract rights. It didn't use to.

Corporate law makes the legal effect on contracts determined in large part by the kind of take-over transaction the buying company is about to engage in.

Here are the traditional corporate law approaches:

The first involves a merger. What is a merger? An example of a merger is when Company A merges with Company B., Company B survives and Company A disappears. Under corporate law -- and I'm talking about the law now applicable to vendor agreements, requirements contracts with suppliers, that kind of thing -- the company which survives is liable for the debts and contracts of the one which disappeared in a merger situation.

The second kind of take-over transaction in corporate law is called a consolidation. An example of that is Company A consolidates with Company B to form Company C. Company C survives and Company A and Company B disappear. Corporate law says that the contracts of Company A and Company B, following consolidation, are binding on the new company, Company C.

Mergers first, consolidations second. Corporate law says contracts bind the surviving entity in those two situations.

The third kind of corporate take-over transaction is called a purchase of assets. An example of that is, Company A sells its plant, equipment and inventory to Company B. And let's say the purchase agreement for the plant, equipment and inventory expressly states that there will be no assumption by Company B of the debts or contracts of Company A. The general rule in corporate law with respect to a purchase of assets is that the purchasing company is not responsible for the seller's debts or contracts unless: 1) the purchaser has expressly or impliedly agreed to assume the obligations; 2) the purchaser is merely a continuation of the selling company - that's called an alter ego in law; or 3) the transaction is entered into to escape liability of some kind or another. So the general rule in the purchase of assets, the third kind of take-over transaction, is that the buyer is not liable for the agreements of the seller where he has expressly disclaimed liability in the purchasing agreement.

The fourth kind of transaction we call a substitution because there's no better name for it. An example of that is where Company A contracts with Company B to perform certain work in Company A's plant. After that Company A recontracts the work to someone else, Company C. There need be no transaction whatever between Company B, whose people used to do the work, and Company C, whose people are now doing the work, even though the work may be exactly the same in exactly the same location under exactly the same normal circumstances. We are now talking about, for example, a guard's contract that is periodically rebid by the customer. Burns gets it now, a year later Wackenhut gets it, but they may take over the same people doing the same kind of work, on the same premises, but there is no transaction between the two bidding companies. The general rule in that situation, a substitution of one company for the other, is that there is no liability whatever on the new company for the agreements or debts of the predecessor company.

The fifth and last kind of take-over transaction is a change in stock ownership. That's where you have one corporation. John Smith owns 60% of that company and he sells his shares to John Doe who takes over the business but doesn't change the corporate entity. Obviously this situation only applies to a corporation. The general rule in the situation where there is simply a change in stock ownership is that all contracts and all debts of the corporation remain the debts and obligations of the corporation despite the change in stock ownership. The sale of stock does not in any way change the legal entity which entered into the contracts, namely the corporation itself. That applies even though the new owner of the stock changes supervision and management at all levels. If he doesn't change the corporate entity, the corporation remains liable for the debts and contracts just as before.

Those are the five kinds of corporate take-over transactions that are most commonly in use today. Mergers, consolidations, asset purchases, substitutions and stock purchases. Under normal, ordinary corporation law, when the take-over has been by merger, consolidation or stock purchase, unions and their members retain the rights they had before Nixon's Supreme Court changed the rules in 1972. You can still force that company to take over your people and to continue honoring your contract, and if they don't they will have to explain it to an arbitrator or the NLRB. The Wiley rule still applies to those three kinds of transactions.

Now what about the legal effect of an asset purchase on a collective bargaining contract? Needless to say, and I think most of you know it, in take-over situations the most popular kind of transaction is the assets purchase. Again, the most popular kind of purchase agreement is an asset purchase situation -- one where the buyer and seller agree that the buyer will not be bound by the contracts of the seller, including the labor agreement.

It's in asset purchase situations that most of the lawsuits have arisen, and the rules, with respect to asset purchases and their effect on the labor contract, apply also to substitution situations. What are those rules?

1. If the buyer retains a majority of the union employees after the take-over, after the assets purchase, then (a) the contract will continue to apply by mutual agreement between the union and the company or (b) if the buyer continues to live up to the agreement for a period of time after taking over even though he had disclaimed it in his purchasing agreement. In other words, he can be bound to the labor contract either by express agreement between him and the union, or by his own conduct which assumes it following take-over.

I said mutual agreement in the first situation, and I meant that, because in the U. S. Supreme Court decisions I am talking about it is made absolutely clear that the buyer can reject the seller's labor agreement or the union that represents the people taken over by the buyer has the same veto privilege. The court says, and I think it's a very unlikely circumstance, that a union may be willing to give the seller a lesser labor cost than a buyer that comes down the line or vice-versa. So they are giving the same right to the union under those circumstances. Normally, however, the union wants to retain its contract with the buyer that is negotiated with the seller and that's the way the cases have come up.

Now what can the union do to hold the seller to the successor promises in the contract? Now when I say "seller" I am talking about the company who negotiated and signed the contract and who sells out during the term of that contract. Furthermore I am talking about a situation where in your contract with the seller you had

67-746 O - 81 - 17

a clause that says he will sell only to a company who agrees to take your people and honor your contract.

What can you do to enforce that successor's clause? 1. If you learn of the possible sale in time, and it appears to you that the seller is not going to live up to that contract clause, then you can sue in court for an injunction to stop the sale to a non-complying buyer. 2. You can sue the seller for damages caused by the violation, and that is if he is not judgment-proof. By that I mean if you have a seller who continues in business and has assets after the same though he didn't comply with your successor's clause, he can be held liable for all losses caused to you and your people because of the violation of your contract. But, in a situation where you have successor language with your seller and he has violated it, it's too late to try to stop the sale in court, and the seller has sold all the assets and has nothing left, your contract right has been demolished. There is nothing left for you to do. Before that happens you've got to move fast to be able to stop that sale to gain the fruits of your successor's clause.

3. You cannot force the buyer to arbitrate any grievances unless he takes over a significant proportion of the seller's work force. Now, that's the Howard Johnson's case I referred to earlier. In that case there was a sale of assets to a new franchisee of Howard Johnsons. The old motel had a union contract with the Hotel and Restaurant Workers in Detroit that contained a bare successor's clause. They didn't move fast enough when there was a sale of the assets of that motel and restaurant to a non-complying buyer. So they sued to force the buyer to arbitrate under the successor clause. The U. S. Supreme Court said, in effect "no you cannot force a buyer who has not himself signed the labor agreement, or assumed its obligations, to arbitrate under the successor's clause unless he has agreed to employ a significant proportion of his people from the seller's work force."

President Schmitt: What does a "significant proportion" mean?

Attorney Miller: The Supreme Court used the language "significant proportion" in that case, and I know of no further litigation as to what it means. Presumably it means at least a majority.

What about union bargaining rights, and the employer's duty to bargain, in asset-purchase cases? The buyer must bargain with the union if he has hired a majority — that means a majority of his employees from the seller's union work force — and he has not changed the bargaining unit substantially. By the same token, where the buyer has hired a majority of his people from the seller's union work force, but not agreed or in fact assumed the contract, the union must bargain in good faith with that company.

I say that with emphasis because in these circumstances your people may well expect to have the buyer comply with the seller's labor agreement. If that new owner says, "no I am not going to be bound by the seller's labor agreement, I want to negotiate my own, I want to reduce the wages, I want to cut the benefits, I want to change the insurance," the union can't say "no, you're bound by the old contract." They've got to sit down and negotiate with that company, and if they don't, the company can take them to the NLRB and they will be forced to bargain. So that buyer and the union must both bargain with each other where the buyer has taken over the majority of his employees from the seller's work force and the unit is unchanged.

said, "unit is unchanged." By that I mean this. The Labor Board and the
ourts have said "yes, a take-over of the majority of the people, continuing a
ajority of the people on the payroll of the buying company, is the most important
hing." But there are other things that are important. That includes continuity
f operations, similarity of production of the same kind of products, same kind
f customers, the employment of some of the same supervisors, and that kind of
hing.

xt. The buyer cannot refuse to hire the seller's employees because they are
ion members or because he doesn't want to have to deal with the union by hiring
majority from the seller's work force. There is NLRB protection, in other words,
circumstances where the buyer doesn't take your people and you can prove that
was for discriminatory reasons. Those cases are not as difficult to win as
u might think. Because it is normally very difficult for a buyer to be able
show to the Board's satisfaction that he did not discriminate, that he needed
hire all new people off the street, when you can show he had substantial
aining or orientation cost with "green" people, that there was no real reason
at the old people could not have stayed in their old jobs and done them to his
tisfaction. In other words you have at least a leg up in proving discrimina-
on where the new owner has not taken over your people.

rt. The buyer cannot change or reduce wages or other economic conditions as
ablished by the seller's contract if he planned to retain a majority from the
ller's work force. I'm talking about the buyer being prohibited from changing
economic conditions -- not checkoff, union shop or arbitration -- but the
nomic conditions, the wages and benefits established by the seller's contract.
cannot unilaterally change wages, hours and working conditions as established
the seller under his contract, if we can show that the buyer, before he took
r, planned to retain a majority of the seller's union people. If we can show
virtue of the purchase agreement possibly, or statements to the news media or
tever, that he intended to keep those people on their jobs at the same wages,
rs and working conditions, then he cannot change those working conditions
hout bargaining with the union. In that circumstance he's bound to bargain
the union before takeover, during takeover and after takeover, and he cannot
ge any economic terms established by the old contract until he negotiates to
sse. But we must be able to show, before we trigger that right, a plan to
in by the buyer before takeover.

sounds pretty important doesn't it. In industrial units, particularly with
e companies, however, and I'm thinking specifically of Boeing and the Machin-
who had a real donnybrook of litigation respecting this area of law, and other
e companies who are well advised, employers are taking advantage of the two
. Supreme Court decisions in the 70's I referred to before, to make very clear
the outset, before they take over that they don't plan to retain the seller's
force, and that they do plan to change wages, hours and working conditions,
they will hire only people who are willing to accept the new wages, hours
working conditions. So they say to the union something like this: "we will
your people and we will negotiate with you, in fact we'll negotiate with you
before we've taken over, because we aren't going to take your people unless
me to terms with you on new wages, hours and working conditions: They say
want to make the operation go, but they have to have a "break" from you.
advised companies are aware of the "Plan to Retain Rule" and they play the
I just talked about.

the buying company actually employs on its payroll a majority of union people

then it can no longer change wages, hours and working conditions as established at that time without bargaining with the union. It is no different, in other words, than a newly organized employer. Once you have the right to bargain with the newly-organized employer he can no longer change wages, hours and conditions of employment without bargaining with you, and a buying company is in exactly the same circumstance once they plan to retain or have employed a majority of your people in the unit that hasn't been substantially changed.

Another area of successor's liability in asset purchase situations that your people are going to wonder about is NLRB rights. For example, a member has been discriminatorily discharged because he filed too many grievances, or whatever, and that case is pending or being investigated. What happens if there's a take-over? The Supreme Court ruled on that in the early 70's. And the rules are a little bit different than with respect to a member's employment and contract rights - and there's one thing that you've got to keep very much in mind in the situation with an NLRB case.

Number one, you can hold the buyer to the same liability that the seller would have had, but you must first give him notice that the case is pending before he takes over the operation. In this circumstance you've got to be able to show he knew there was an NLRB case pending and thus a possible liability, before the sale was consummated. The Supreme Court says that's necessary because he may want to adjust the purchase price in light of these possible liabilities.

Second, the buyer must continue the operations without substantial change, but the buyer need not employ a majority of his people from the seller's union people before you can hold him liable as a successor. In other words, as far as the NLRB is concerned, you can be a successor there on a lesser showing than for purposes of enforcing the union contract.

Third, under the Supreme Court's opinion in the NLRB case I am summarizing, there is no way you can tag the buyer with liability for unfair labor practices that is the same thing as requiring it to recognize the seller's union. In other words, you can't do indirectly what you can't do directly, so about all you're left with in NLRB cases is discriminatory discharge cases and that sort of thing. A refusal to bargain case is not going to carry over to the buyer.

Now what can you as union representatives do to protect the interests of the organization and your people under these rules? Number one - be alert to the earliest possible signs of take-over. Now how are you going to do that? For example, check newspaper reports, the business pages for negotiations as to possible sale; keep track of statements from management or suggestions that may indicate that there is a take-over in the offing; watch for plant visits by executive types you don't recognize, they may be possible customers checking the plant out.

Number two. As soon as you get that kind of sign — and management is not normally going to let you know that there's a possible take-over being negotiated until it's absolutely over (because the lesser time that you know about that before the take-over takes place the fewer things you can do to protect your own interests) — as soon as you get that kind of sign, demand or request information from management as soon as possible as to whether or not there are take-over negotiations actually going on. They are obliged to notify you if they are considering the sale of the business because by virtue of NLRB rulings they have the obligation to bargain over the effects of a sale of the operation. You have

ight to know at the earliest possible moment that a sale is in the offing, an
second thing to do is demand the truth from management at the earliest possible
. And if they indicate that a sale is in the offing, ask for the relevant docu-
tation as soon as you can;documentation and information.

example, what kind of transaction is being discussed, who are the people that
are discussing it with. Are there provisions being negotiated or discussed
ing with assumption of your labor agreement and employment of your people, and
about their seniority if the answer to the last is yes.

third thing to do is to be prepared to sue to prohibit the sale if you have
uage in your contract that requires that they sell only to a company who will
rve the contract and employ your people. That is probably the strongest right
have left. Now, where you have strong contract language you do have the right
o into court and attempt to get an injunction against the sale, and there is
ore powerful leverage you can have than that in most circumstances.

her point as to what you can do. Be careful before you exercise strike acti-
in these circumstances. As I've indicated, where you know a company has said
are not going to assume your contract, and they've taken your people, you have
ht to sit down and negotiate a new contract and you have the right to strike.
ome cases are very unfortunate. There are cases in the books where the union
d the pin too quick. They pulled the pin at the time of the take-over, and in
circumstances where your people have not actually been employed by the buyer
the buyer has taken the position he can go non-union and not bargain with you
, and your people are out on the street. Again, your legal foothold here,
irst one you have to have, is to get your people on the new company's payroll.
you have the right to negotiate; then you have the right to strike if you
come to an agreement under the new contract. But if you exercise that pre-
ely you may well lose bargaining rights and a number of unions have.

in this area, and most important, there is absolutely no substitute for strong
ect language in your labor agreement requiring that if assets be sold or the
tion be sold, that it will be sold only to someone who is willing to employ
people with seniority and observe your contract. There have been a number of
challenges sought by companies to such language, claiming that they are
lary, claiming that they are hot cargo, claiming that they are illegal for
nson or another. One thing we can be thankful to the Labor Board for in
years is that they have uniformly rejected carefully drawn but strong suc-
successor language like I just talked about. It is perfectly legal, don't
faloed by any management negotiator who tells you it may be illegal. It is
tly legal and it can be enforced in the manner I indicated to you before,
you don't have it you have lost the most powerful weapon left to you to
in your union people at their jobs and your contract in force.

llowing is contract language to be used when writing a successor clause:

mployer agrees that if during the life of this Agreement it shall sell, lease,
r or assign all or part of the operation covered by this Agreement, it shall
the purchaser, lessee, transferee or assignee of the exact terms of this
nt and shall make the sale, lease, transfer, or assignment conditional upon
rchaser, lessee, Transferee, or assignee assuming all the obligations of the
nt until its expiration date and accepting the affected employees of the
r.

. CLAY. Is Mr. Jim Roberts here?
e next witnesses will be Mr. Tom Murray and Mr. Ray Benegas.
repared statement of Tom Murray follows:]

Prepared Statement of Tom Murray, President and Ray Benegas, Secretary Treasurer, Oil, Chemical and Atomic Workers International Union, Local 2-491

My name is Tom Murray President and this is Ray Benegas Secretary-Treasurer of Local 2-491 of the Oil - Chemical and Atomic Workers International union. We are employed by Phillips Petroleum Company at the Great Falls, Oil Refinery.

In the last two months the Company has informed the Union that it was taking a hard look at the economics of operating the plant at the present levels of profit.

There were operating changes that were considered but did not prove feasable. We were informed the Company intended to talk to CENEX Officials the 26 or 27 of august 1980 of the possibility of CENEX contracting and processing Phillips crude oil.

A few days later the News media Newspaper and Television were trying to get from Union and Managment the facts in the possible closing of the Phillips Refinery. Attached is a copy of the Headlines by the Great Falls, Tribune.

Needless to say all the employees are becoming extremely concerned as to what may happen. There are about 60 employees at Phillips Refinery, some of us who have been there for 25, 35 or 40 years, but still too young to retire. There will

they go. Will they be transferred, Will they have to find another joby or they may be terminated. Too young to retire and too old to find a decent job.

We are good citizens, taxpayers, voters, church going people and community involved. We realize that the City and County will be affected by the great loss of these 60 primary jobs and a payroll of 1½ million annually.

We understand the Great Falls, Chamber of Commerce plans on having a meeting with Phillips Officials to discuss and try to prevent any plant closure.

There are also Suppliers and Contractors who would loose considerably amount of work and business.

At the present time Phillips has Contracts for Jet fuel for both the Air Force Base and the Air National Guard in the Great Falls area.

According to a News release from Senator John Melcher's office; efforts are being made to station more Jet Aircraft at Malstrom Air base and additional aircraft to Air National Guard. We should wonder if having all the Refineries in one area is a good idea in regard to defense needs.

For years the Oil Chemical and Atomic Workers International Union have been deeply concerned about plant closures and the

awful impact that this has on people not just employees who lose their jobs but the families who suddenly find that their way of life must change, that perhaps home might have to be sold and in some cases even lost.

Whole families may have to uproot and relocate in order to survive.

Plant closures not only effect employees and their dependants but also directly effect the Community and those people who depend on that particular Plant. Payroll will also suffer. The loss in taxes will have a great impact to the Goverment especially the local Goverments and the service to the community that depend on those taxes.

This Union is deeply concerned and will do everything possible to help enact Legislation especially Emergency Legislation that will protect all workers and their families and their communities from the short side and selfish actions of Corporations.

Oil Chemical and Atomic Workers at Phillips Refinery in Great Falls, Mt. are presently working under the ominous threat of possible job loss as well as Plant Closure.

We would also like to know if the energy legislature pass by Congress provides for any kind of restriction on energy plant closures.

We strongly urge this Committee to do whatever is within their power to help us stop this terrible trend.

Air base, Air Guard eyed for expansion

y CHRIS STEVENS
ribune Staff Writer

Expansion of facilities at Malm-
rom Air Force Base to accommo-
ate "whatever bomber is necessary
at carries the cruise missile," and
e housing of an F-15 interceptor
uadron at the Montana Air National
ard were proposed as long-range
ojects by Sen. John Melcher,
-Mont., Tuesday.

Melcher, speaking before the Com-
ittee for the Eighties at the base,
d the local civilian and military
oup about the projects he believes
ll bolster the Northern Air Defense
mmand defense system.

"The facility at Malmstrom ends
elf to the accommodation of what-
er type of air-fueling aircraft is
cessary," Melcher said, "and so it
important that we pay attention
w to what expansion facilities are
eded."

Melcher said that the widening of
landing strip, addition of aprons
d allocating proper parking space
the larger aircraft are under con-
eration.

Speaking of the Air Guard serving
host to a new interceptor squadron,
lcher said that in the past, "the
ation of interceptor squadrons on
erican soil has not been seen as
essary, and that is why they are
ated in NATO territory or with the
. Navy.

"But Russia's development of the
kfire bomber that can be released
the air now makes it necessary, I
k, for us to have a method of de-
se against such a manned air-
ft."

Melcher said he felt a general pro-
m involving "perhaps three or
new squadrons throughout the
try most likely would involve
s."

His stressing updating at Malm-
m is in harmony with his recent

Air base

Continued from 1-A

statements concerning stronger support of the military. An opponent of the draft, Melcher said he feels the best approach to defense, though it is not the cheapest, is to concentrate on improvement of the highly technological and specialized fields of military defense today.

His statements also correspond with his earlier support of improving payment of military personnel.

"We're talking about a pay raise in the neighborhood of 20 percent over and above the rate of inflation," Melcher said, "and we cannot afford to turn away from the need to pay these people properly."

He told the committee that he is also concerned about bachelor quarters at Malmstrom for both officers and enlisted men, saying he supported those who believe conditions must be upgraded.

Melcher also discussed two tactical goals under consideration for the base. The first is the creation of a target practice area for security police who at present have to travel to other ranges in the state in order to qualify on weapons. The second concerns the proposed conversion from natural gas heat to coal heat as recommended by the Air Force.

Melcher noted that the target area is something "that should be straightened out. It makes economic sense to have a nearby target area for firing qualification in machinegun, shotgun and pistol and other small arms training," he said.

Referring to the conversion to coal, Melcher said that although the Air Force had recommended the conversion of certain bases, including Malmstrom, from gas to coal during the budget year, the Defense Department rejected the idea because of the expense. He said he thought the conversion project may get into next year's budget.

Great Falls TRIBUNE

Great Falls, Montana, Wednesday, August 13, 1980

Single Copy 25¢ Home Price by Carrier Delivery

Phillips oil refinery here may be closed

By TOM KEEFE
Tribune Business Editor

Discussions are pending between Phillips Petroleum Co. and the Conex Co. that may result in the closing of the Phillips oil refinery in Great Falls.

Louis Day of Laurel, manager of Conex operations in Montana, said Tuesday that Conex officials "are meeting with the Phillips people in Denver later this month" to discuss details of the proposal.

Day said there has been no agreement at this point and that he could not state one way or the other if one would be reached.

Randall Jech, production manager of the local plant, said that the refinery has, like many businesses, gone through several periods of looking over the economic situation in past years and the company is undergoing an annual appraisal.

"I think that is just the situation at present. We want to study matters and then see what the bottom line looks like. There is no tentative agreement, no firm agreement, with anyone. The present situation is simply an alternative possibility," he said.

It is understood that the "newer talks will center on the contracting by the Conex refinery in Laurel for the Phillips oil that is being processed by the Great Falls plant. Conex formerly was known as the Farmers Union Oil Co.

T.G. Murray, Great Falls president of the Oil, Chemical and Atomic Workers, the union representing most of the employees at the local refinery, said it is his understanding that the contracting proposal is being considered by Phillips.

He said employees were told last Thursday that the refinery here was for life sale.

If the oil on which the refinery depends is rerouted to Laurel, it would mean that the local plant will be shut down, Murray indicated, since there would be no crude available for it to process.

Murray said it is his understanding that the Denver meeting will be Aug. 28.

A public relations representative at the Bartlesville, Okla., headquarters for Phillips, said he was inquiring into the matter there and may have a statement for release today.

About 80 people are employed at the local refinery, with an additional 15 or 20 employed in sales and pipeline operation.

The refinery receives most of its oil from the fields in the Shelby-Cut Bank area of northern Montana. It normally processes 6,500 barrels of oil daily including gasoline, distillates and asphalt products. The production is considered small in comparison to more modern refineries including the Conex plant in Laurel which has access to crude from the oil fields of Wyoming and the Williston Basin in southeastern Montana and North Dakota.

Phillips and Ada Oil Co. purchased the refinery in 19[illegible] and five years later Phillips obtained full control of the plant.

290

STATEMENT OF TOM MURRAY, PRESIDENT, LOCAL NO. 2-491, OIL, CHEMICAL & ATOMIC WORKERS, GREAT FALLS, MONT.

Mr. MURRAY. Congressman Clay, Pat Williams——

Mr. CLAY. Without objection, your entire statement will be included in the record.

Mr. MURRAY. My name is Tom Murray, president, and this is Ray Benegas, secretary-treasurer, and this is Gus Strizich, and he's a 37-year member of our local. We are of Local 2-491 of the Oil, Chemical, and Atomic Workers International Union. We are employed by Phillips Petroleum Co. at Great Falls Oil Refinery.

In the last 2 months the company has informed the union that it was taking a hard look at the economics of operating the plant at the present level of profit.

There were operating changes that were considered but did not prove feasible. We were informed the company intended to talk to CENEX officials the 26th or 27th of August 1980, of the possibility of CENEX contracting and processing Phillips crude oil.

A few days later the news media newspaper and television were trying to get from union and management the facts to the possible closing of the Phillips Refinery. Attached is a copy of the headlines by the Great Falls Tribune.

Needless to say all the employees are becoming extremely concerned as to what may happen. There are about 60 employees at Phillips Refinery, some of us who have been there for 25, 35, or 40 years, but still too young to retire. Where will they go? Will they be transferred? Will they have to find another job or they may be terminated. Too young to retire and too old to find a decent job.

We are good citizens, taxpayers, voters, church-going people and community involved. We realize that the city and county will be affected by the great loss of these 60 primary jobs and a payroll of $1½ million annually.

We understand the Great Falls Chamber of Commerce plans on having a meeting with Phillips officials to discuss and try to prevent any plant closure.

There are also suppliers and contractors who would lose a considerable amount of work and business.

At the present time Phillips has contracts for jet fuel for both the Air Force base and the Air National Guard in the Great Falls area.

According to a news release from Senator John Melcher's office, efforts are being made to station more jet aircraft at Malstrom Air Base and additional aircraft to Air National Guard. We should wonder if having all the refineries in one area is a good idea in regard to defense needs.

For years the Oil, Chemical, and Atomic Workers International Union have been deeply concerned about plant closures and the awful impact that this has on people, not just employees who lose their jobs, but the families who suddenly find that their way of life must change, that perhaps the home might have to be sold and in some cases even rent.

Whole families may have to uproot and relocate in order to survive.

Plant closures not only affect employees and their dependents but also directly affect the community and those people who depend on that particular plant. Payroll will also suffer. The loss in taxes will have a great impact to the government especially the local governments and the service to the community that depend on those taxes.

This union is deeply concerned and will do everything possible to help enact legislation, especially emergency legislation, that will protect all workers and their families and their communities from the short-sighted and selfish actions of corporations.

Oil, chemical, and atomic workers at Phillips Refinery in Great Falls, Mont., are presently working under the ominous threat of possible job loss as well as plant closure.

We would also like to know if the energy legislation passed by Congress provides for any kind of restriction on energy plant closures.

We strongly urge this committee to do whatever is within their power to help us stop this terrible trend.

Any questions on transfer of the company, Mr. Benegas has been through the experience, and we'll let him answer.

Mr. CLAY. Did you have a statement, Mr. Benegas?

Mr. BENEGAS. Not really, Congressman.

Mr. CLAY. Pat, questions?

Mr. WILLIAMS. Would you repeat your question, Tom, the question you had?

Mr. MURRAY. I said any questions that you have on transfers to—the company always offers transfers. They say any questions on transfers, Mr. Benegas has been through that, has had that experience.

Mr. CLAY. The question you asked the committee about, the emergency laws or energy laws.

Mr. MURRAY. We would also like to know if the energy legislation passed by Congress provides for any kind of restriction on energy plant closures.

Mr. BENEGAS. The energy bill passed by Congress, if there's any bill that prevents any type of plant closure or any energy company going out of business.

Mr. CLAY. I'm not aware of any.

Ms. BAUM. Not any.

Mr. CLAY. Minority counsel says she's not.

Mr. FEINSTEIN. I think he's referring to the recent energy bill which provides for certain protections in the law. Because H.R. 5040 is not law, it wasn't referenced in those provisions. Now, should this become law in the future, it is possible that the energy legislation would be amended. There might be an effort in that direction, but because it is only pending legislation, it's not referenced in the emergency provisions.

Mr. BENEGAS. It's not in effect at this time, in other words. We weren't sure. We wanted to comment on it.

Mr. WILLIAMS. I do want to make the point again, the Phillips Co. was informed of this hearing and invited to attend and testify. They were informed, they were invited only after we saw the story in the press that they were considering closing the refinery in Great Falls. They gave that late notification as their reason for not appearing here, that they didn't have time to prepare testimony. However, I should like the record to show that you gentlemen were invited just after they were

invited, and you were able to prepare your testimony and appear, and I appreciate you being here, and I'm distressed that the company is not here.

Thank you, Mr. Chairman.

Mr. CLAY. Thank you. Fred?

Mr. FEINSTEIN. No questions.

Mr. CLAY. Edie?

Ms. BAUM. No questions.

Mr. CLAY. We want to thank you for your testimony and your appearance today.

Mr. MURRAY. I would like to—there's talk about this law about community or employee buyouts of the companies. This is the first time that we've ever had a plant closure rumor and the company told us that they definitely cut off the thought of maybe reselling the refinery to some other person or organization. Their argument is at the present level of profit they're saying with inflation, it is that their present level of profit is not high enough in the Great Falls refinery, or it isn't going to be in the future. The're not saying it doesn't make the profit. There's nothing like that at all.

Mr. CLAY. Do you know what the rate of profit is?

Mr. MURRAY. They're saying that with changes, that the changes they're going to have to make in profit is going to be in the low teens.

Mr. WILLIAMS. In the low what?

Mr. MURRAY. Teens.

Mr. WILLIAMS. I have a son in the low teens. You mean those kinds of teens?

Mr. MURRAY. That's right.

Mr. WILLIAMS. Like 11 and 12 percent and 13 and 14?

Mr. MURRAY. Well, the low teens. They also say that Montana and this area, the local area, that there's—I'm trying to think of a word—that there's an excess of supply of motor fuels, and that by shutting down the Great Falls refinery and taking the crude that would be processed into Cenex oil, that would reduce the amount of crude production in the State and would lower, would have the tendency to raise profits.

Last year, we had a diesel shortage in this State that was ridiculous.

Mr. BENEGAS. Who do we see if we wanted to talk about maybe forming a co-op? Is that possible for the employees to do that? Is that feasible? Would that be something to even consider? This is something brought to our attention by the employees, even management personnel.

Mr. FEINSTEIN. Section 20 and 21 of the H.R. 5040 specifically would provide for assistance in such situations, and, again, of course this is pending legislation. However, there are people who have worked on this very question extensively and have provided assistance, both in terms of providing expertise and guidance in how such co-ops might be accomplished. There are, in fact, existing co-op programs. And I'd be happy to put you in touch with some of those people if you'd contact me at the office when I get back to Washington early next week.

Mr. MURRAY. We have in our contract language that gives us a 6-month notice of plant shutdown, but the company has a tendency whenever the contract comes to us that one of the things they're going

to ignore during the time that when the contract lapses and we rewrite a new contract, and literally they could shut the plant down in that time, and we couldn't have the contract to protect us.

Mr. STRIZICH. Another thing: I was told myself by my immediate supervisor the reason for this is there is just enough crude up in the Cut Bank area to run that refinery at the capacity, which is a small refinery. We're running 6,000 to 8,500 barrels a day, but there is a refinery that was up in Cut Bank, above Cut Bank. It was bought by Flying A, and the fuel line has to supply them the amount of crude by Government regulations, which cuts our crude assessment to 3,200 barrels, because they can exchange the crude down in Texas with the Canadian, and we in turn get Canadian oil through our pipeline. It's costing them too much money to do this. They can process that extra down in Border, Tex., and it eliminates us getting our assessment of 6,500 barrels of crude, so that puts us to 3,200 barrels, so that's another reason they want to close her down.

Mr. CLAY. Let me ask you a question. I think part of the problem is labor, organized labor, and I come out of the labor movement, and I spent 10 or 12 years with the pipe fitters and with the seafarers. Do you know where your money is going from your labor and welfare fund, what types of industry that money is being invested in? Do you get a breakdown as to how that money is being sent into various industries across this Nation and where?

Mr. BENEGAS. Are you referring just to the international union?

Mr. CLAY. I'm referring to your health and welfare pension funds.

Mr. BENEGAS. Yes; we do have a quarterly statement which comes out. We know exactly where it's going.

Mr. CLAY. Is most of it going into nonunion areas in the South and Sun Belt, and into Las Vegas to finance casinos?

Mr. BENEGAS. No, sir, it's not.

Mr. CLAY. You're sure of that, because the report I received is that billions of dollars of labor money are being invested in the nonunion areas when it could be invested into the kind of industry that would keep you working and should have some influence on policies.

Mr. BENEGAS. Yes; we realize the statement has been made to that effect, and it might be some unions. We can't speak for them, and there might be some that are investing money in different areas of business, but, as far as ourselves, we're almost confident there's no problem, no question. Like I say, I receive a statement quarterly of the finances of every union, and we go through it thoroughly, and there's no question.

Mr. CLAY. You're satisfied?

Mr. BENEGAS. Yes; we are. Our membership is firmly committed to be—except that report that we get.

Mr. CLAY. Thank you. Any other questions?

If not, we certainly want to thank you for your testimony.

Mr. BENEGAS. Thank you.

Mr. CLAY. That concludes the witnesses for today, but the hearing record will remain open until September 5, and we welcome anybody to submit additional statements and materials.

That also concludes the hearing for today.

[Whereupon, at 2:30 p.m., the hearing adjourned.]

HEARINGS ON PLANT CLOSING PROBLEMS

MONDAY, AUGUST 18, 1980

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS,
COMMITTEE ON EDUCATION AND LABOR,
Eugene, Oreg.

The subcommittee met at 9:30 a.m. pursuant to notice at the main meeting room of Harris Hall, 125 East 8th Avenue, Eugene, Oreg., the Honorable William (Bill) Clay, chairman of the subcommittee, presiding.

Members present: Representatives Bill Clay and Pat Williams.

Staff present: Fred Feinstein, majority staff counsel; Edie Baum, minority counsel for labor.

Mr. CLAY. This subcommittee will come to order.

I'm Bill Clay, acting chairman of the House Subcommittee on Labor-Management Relations. Joining me this morning is Representative Pat Williams from Montana.

This hearing has been requested by your representative, Jim Weaver, to explore the possibilities of Congress doing something to offset the kinds of adverse impacts plant closures have on workers and dependent communities.

It's a pleasure to be in Eugene today to examine this extremely important issue of plant closings. Two days ago we held hearings on the same subject in Missoula, Mont. I stated at the outset of those hearings that plant closings are becoming one of the most serious problems facing this country today. The testimony we heard in Montana further demonstrated that the problem is intensifying. The length of today's witness list and the dozens of others who wished to testify are an indication that today's hearing will offer further evidence of the enormous scope and severity of the plant closing problem.

As I stated in Missoula, an important, and widely misunderstood aspect of the plant closing epidemic is that it exists all over the country. It is not a regional issue. It effects each and every part of the country; North, South, East, and West.

This pervasiveness tells us something about the nature of the problem. Increasingly we are coming to understand that plant closings are a built-in feature of today's economic environment. In fact, some will argue that not only are closings necessary but that they reflect the strength of our economy. This is a view that I cannot and will not accept. To me it is perverse to view the hardship, chaos and suffering caused by plant closings as healthy or even necessary. We cannot accept these dehumanizing events as inevitable.

We must look at why plants are closing. What are the causes of these upheavals and what can be done about them. It is my view that H.R. 5040 is an important step in dealing with these issues. Today's hearing and others like it must both help us to better understand the nature and effect of plant closings and must move us swiftly in the direction of a solution.

Pat, do you have an opening statement?

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. WILLIAMS. Thank you, Mr. Chairman.

The plants' closures are increasingly a serious problem, and can be chaotic to the community and the workers. Sudden closures undertaken virtually without warning can and have had devastating economic and social consequences.

Whether it be a timber mill, a smelter, or a refinery, the unexpected closure results in a depleted tax base, leaving municipal services and schools underfinanced; and increases unemployment claims, and the remaining taxpayers foot the bill.

It is the individual worker and family who suffer the greatest costs. They are left without salary, health insurance; often their pensions can be lost; serious psychological and health problems invariably affect the displaced worker.

Although the impact of plant closures are most heavily felt locally, it is a national concern. Although several States are considering legislation to regulate economic disinvestment, the Congress must also determine if the solution should be found at the national level.

The purpose of these hearings in Oregon, and the purpose of the hearing in Montana, is to sort out the respective obligations and responsibilities of industry, the workers, local, State, and national governments, each to the other.

We want to hear of the difficulties which industry is faced with, both economic and regulatory; we want to define the proper role of Government; and finally, we want to hear from the workers and their representatives, what are the difficulties they experience from plant closures.

Thank you, Mr. Chairman.

Mr. CLAY. Thank you.

Our first witness this morning will be Cindy Wooten, legislative assistant to Representative Jim Weaver.

STATEMENT OF CYNTHIA WOOTEN, LEGISLATIVE ASSISTANT TO HON. JIM WEAVER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Ms. WOOTEN. Good morning.

Mr. CLAY. Good morning.

Ms. WOOTEN. Thank you, Mr. Chairman.

Mr. CLAY. Without objection, your prepared testimony will be inserted in the record at this point in its entirety, and you may proceed as you desire.

[Prepared testimony of Congressman Jim Weaver follows:]

PREPARED TESTIMONY OF HON. JIM WEAVER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

First, I would like to extend my deep gratitude to Chairman Clay and Congressman Williams and their staff members for being here today to condrct field hearings on H.R. 5040 and plant closures in the Northwest. Please accept my apologies for not being here personally. As you know, today a bill I have offered that is very important to the people here, the Woodwaste Utilization Act of 1980, is being considered on the floor of the House of Representatives. Initially, it did not appear we had any problems with passage, but at the last moment there have been challenges to the bill which I must attend to in Washington.

I requested field hearings on H.R. 5040 and plant closures because of the traumatic impact we have experienced in Oregon and Washington due to short-term and permanent closures.

In Oregon each of us has been effected by plant closures as local small businesses collapse, our state tax base is destroyed and our community services are reduced at a time when the greatest need for these services exist. The multiplier effect of job losses is dramatically felt throughout the region.

In Oregon our economy is dominated by the timber industry. Due to the cyclical nature of the market, a requirement of a 2-year prenotification would produce an unrealistic hardship on small plants with short-term closures. The major problem of plant closures as I see it is not caused by a small company with a high level of commitment to local communities and local quality of life; the problem is irresponsible decision making by the management of large and multi-national corporations. These "bigs" are placing short-term profit making above local workers, families and cities.

In the Pacific Northwest, we have seen a pattern develop of the old "cut and run" trick. They liquidate old growth timber quickly, making a high profit and invest it in the south or in foreign countries where labor and resource costs are less. The invasion of the town of Powers, in my district, is a classic example. Georgia Pacific bought out the Coos Lumber Company's huge tracts of timber. In 10 years they created a boom economy in the area while cutting all of the stands. They exported huge numbers of raw logs to Japan. They then closed the plant leaving this dependent and proud community totally bereft of any major source of employment. Incidentally, Georgia Pacific and all the big timber industry corporations declined my invitation to testify at today's proceedings. As you probably know, Georgia Pacific has announced they are moving their enormous corporate headquarters from Portland to Atlanta. When they arrived in Oregon to build their operations it was with great fanfare and promises of deep care about the economy of the Northwest. We were duped into believing their intentions were honorable.

Wrong corporate decision making is also evident as we see Weyerhaeuser and others refuse to sell to smaller mills and export 37.5 billion board feet of logs to Japan in 1979 alone! They are forcing small mills out at an incredible rate as competitive pressure mounts for timber from public lands.

American workers deserve the protection provided by good plant closure legislation. The same protection most workers enjoy in the international community. Most industrial nations long ago enacted legislation that requires some public accountability for the economic dislocation caused by plant relocation. The United States has only recently begun a serious public discussion of the issue of plant closure. Regulation of industrial relocation and worker protection is evident in West Germany, France, England, Belgium, Spain, Japan, Sweden, and the Netherlands. Regulation within these countries has not resulted in strangled economic growth or stagnation, although United States corporations claim that plant closure regulation would result in a terrible economic fate. It just is not true. West Germany faces the most stringent restrictions and still has a remarkable growth rate and low unemployment. U.S. corporations that protest the loudest do business in countries that have regulations on capital mobility and legislation that protects the rights of workers to their jobs.

With unemployment nationally at 7.8 percent and predictions by Secretary of Labor Ray Marshal that that figure may go as high at 8.5 percent by the first of next year, we in Oregon can expect to see much higher figures than now exist and we simply can't afford the loss.

Oregon and 12 other states have passed or are proposing state legislation designed to offer protection to their working residents. Plant closure and the re-

57-746 O - 81 - 18

sulting economic dislocation is an important issue that involves fundamental rights of working people and their communities.

We must act as quickly as possible to enact federal legislation that is capable of protecting small business interests while preparing workers and government for permanent closures from huge companies that have no social investment in our lives.

Thank you again for your efforts.

Ms. WOOTEN. Thank you.

First, I would like to extend my deep gratitude to Chairman Clay and Congressman Williams and their staff members for being here today to conduct field hearings on H.R. 5040 and plant closures in the Northwest. Please accept my apologies for not being here personally. As you know, today a bill I have offered that is very important to the people here, the Woodwaste Utilization Act of 1980, is being considered on the floor of the House of Representatives. Initially, it did not appear we had any problems with passage, but at the last moment there have been challenges to the bill which I must attend to in Washington.

I requested field hearings on H.R. 5040 and plant closures because of the traumatic impact we have experienced in Oregon and Washington due to short-term and permanent closures.

In Oregon each of us has been affected by plant closures as local small businesses collapse, our State tax base is destroyed and our community services are reduced at a time when the greatest need for these services exist. The multiplier effect of job losses is dramatically felt throughout the region.

In Oregon, our economy is dominated by the timber industry. Due to the cyclical nature of the market, a requirement of a 2-year prenotification would produce an unrealistic hardship on small plants with short-term closures. The major problem of plant closures, as I see it, is not caused by a small company with a high level of commitment to local communities and local quality of life; the problem rather is irresponsible decisionmaking by the management of many large and multinational corporations. Many of these "bigs" are placing short-term profitmaking above local workers, families, and cities.

In the Pacific Northwest, we've seen a pattern develop of the old "cut-and-run" trick. Frequently, old growth timber is liquidated quickly. This makes a high profit to invest in the South or in foreign countries where labor and resource costs are less. The invasion of the town of Powers, in my district, is a classic example. Georgia Pacific bought out the Coos Lumber Co.'s huge tracts of timber. In 10 years, they created a boom economy in the area while cutting all of the stands. They exported huge numbers of raw logs to Japan. They then closed the plant leaving this dependent and proud community totally bereft of any major source of employment. Incidentally, Georgia Pacific and all the big timber industry corporations declined my invitation to testify at today's proceedings. As you probably know, Georgia Pacific has announced they are moving their enormous corporate headquarters from Portland to Atlanta. When they arrived in Oregon to build their operations, it was with great fanfare and promises of deep care about the economy of the Northwest. Many were duped into believing their intentions were honorable.

Corporate decisionmaking that ignores regional needs is also evident as we see Weyerhaeuser and others refuse to sell to smaller mills and export 37.5 billion board-feet of logs to Japan in 1979 alone. They are forcing small mills out at an incredible rate as competitive pressure mounts for timber from public lands.

American workers deserve the protection provided by good plant closure legislation; the same protection most workers enjoy in the international community. Most industrial nations long ago enacted legislation that requires some public accountability for the economic dislocation caused by plant relocation. The United States has only recently begun a serious public discussion of the issue of plant closure. Regulation of industrial relocation and worker protection is evident in West Germany, France, England, Belgium, Spain, Japan, Sweden, and the Netherlands. Regulation within these countries has not resulted in strangled economic growth or stagnation, although U.S. corporations claim that plant closure regulation would result in a terrible economic fate. It just is not true. West Germany faces the most stringent restrictions and still has a remarkable growth rate and low unemployment. U.S. corporations that protest the loudest do business in countries that have regulations on capital mobility and legislation that protect the rights of workers to their jobs.

With unemployment nationally at 7.8 percent and predictions by Secretary of Labor Ray Marshall that that figure may go as high as 8.5 percent by the first of next year, we, in Oregon, can expect to see much higher figures than now exist and we simply can't afford the loss.

Oregon and 12 other States have passed or are proposing State legislation designed to offer protection to their working residents. Plant closure and the resulting economic dislocation is an important issue that involves fundamental rights of working people and their communities.

We must act as quickly as possible to enact Federal legislation that is capable of protecting small business interests while preparing workers and government for permanent closures from huge companies that have no social investment in our lives.

Thank you again for your efforts.

Mr. CLAY. Thank you.

What public reason or rationale is advanced by the companies when they decide to close these plants you have referred to?

Ms. WOOTEN. I hesitate to speak for them— obviously, they're not here—although what I understand is that they are not able to have a supply of timber that satisfies their production needs.

Mr. CLAY. And why do they not have a supply of timber?

Ms. WOOTEN. Well, speaking for myself—I can't speak for the Congressman in responding to that question—it appears as though they've liquidated the timber that is easily cut and highly profitable very quickly, and when they're done harvesting, they just leave a community, as opposed to doing an ongoing sustained yield, highly intensive management program with their own forest lands; and competitive bidding for public timber has gone to such heights that it is no longer as profitable for them to stay here.

Therefore, they're going to Latin America and trying to, in fact, import logs to Oregon for processing, and moving, in the case of Georgia Pacific, to the Southeast, where, as I mentioned, labor and resources are much less costly, and their profits are higher.

Mr. CLAY. You say that Georgia Pacific moved in here with a lot of fanfare. How long ago was that?

Ms. WOOTEN. I believe it was about 10 years ago.

Mr. CLAY. Did they get any tax abatement, or——

Ms. WOOTEN. I'm sure they did. The State of Oregon has programs to encourage industry to Oregon, and I'm sure that they came under the various programs and regulations that exist to entice businesses here to the State.

Mr. CLAY. And do you think that the tax writeoffs expired? Is that part of the reason that they would want to move to another community and start all over again? A preferential tax treatment?

Ms. WOOTEN. I'm sure that tax incentives, and tax status that they've enjoyed here in Oregon, is going to be offered to them through other States, which is one of the major problems. Everyone's competing for industry to come to their area, and trying to make it as attractive as possible.

I couldn't say whether or not the tax status that they enjoyed has expired or not. I'm not sure of that.

Mr. CLAY. Thank you. Pat?

Mr. WILLIAMS. Were you involved in the invitations to witnesses and the preparation of the witness list?

Ms. WOOTEN. To a limited degree. I, on Congressman Weaver's behalf, extended invitations to the major corporations.

Mr. WILLIAMS. Can you tell me which major corporations were invited that refused to attend?

Ms. WOOTEN. Georgia Pacific, Crown Zellerbach, Champion International, International Paper, and Weyerhaeuser.

Mr. WILLIAMS. Did you personally talk with any of the representatives of any of these companies on issues——

Ms. WOOTEN. Mr. Dave Fidanque and I, of staff; yes, we did.

Mr. WILLIAMS. What reason did the company representatives that you talked to, what reason did they give for not attending?

Ms. WOOTEN. Mr. Moshofsky of Georgia Pacific spoke to Mr. Fidanque, and he indicated that Georgia Pacific would not be represented at the hearing today. While they were very, very familiar with the pending legislation, they said that there was no reason for them to come to a public hearing and be battered about once again.

Mr. WILLIAMS. In the hearings that were held in Montana, timber companies, mining companies, and oil companies were invited to attend. A mining company, Anaconda, the largest mining company, attended. The others refused to attend, which I found frankly surprising, and shocking, and I think completely irresponsible; that a company would not attend a congressional hearing and give us the excuse that they don't want to be battered about.

We're not here to batter anybody about; we're here to try to determine what are the obligations and the responsibilities of the Federal Government to the company, the company to the workers, the workers to the community, the community to the workers, and so on, and then

ite meaningful legislation to try to mitigate the chaos that follows plant closures.

And yet, here are major companies in this country that refuse to n discuss the issue. I think that's totally and absolutely esponsible.

Mr. CLAY. There will be no public displays or outbreaks at this ring.

Ms. WOOTEN. Are there any further questions?

Mr. CLAY. Fred?

Mr. FEINSTEIN. Yes; I would just like to express what the chairman Congressman Williams has said; and that is extending the subcomtee's thanks to Jim Weaver and his excellent staff for assisting in ting together these public hearings.

Ve are certainly appreciative, and we hope that they will result in cord that the subcommittee will make good use of in the future. I t to thank you again.

Ms. WOOTEN. Thank you.

Mr. CLAY. Edie?

Ms. BAUM. No questions.

Mr. CLAY. Thank you.

ext witness is the Honorable Ted Kulongoski, State senator.

Mr. KULONGOSKI. Good morning. How are you, sir?

Mr. CLAY. Welcome to the hearing.

STATEMENT OF HON. TED KULONGOSKI, STATE SENATOR, STATE OF OREGON

Mr. KULONGOSKI. I appreciate the opportunity to speak to you, es and gentlemen.

he issue you're dealing with is one that here in Oregon they've dealt for about the last 4 years. I served in the Oregon Senate, and in , this last year, I introduced a rather comprehensive plant closure t that particular time. It was rather intriguing.

you appreciate the legislative process, you realize that not only a particular forum to pass legislation, but it's also a forum for ation, and there are some issues that come before the legislative nbly for the first time that take people by surprise.

ve been known in the legislative process of doing that, whether it's ty bills that I've supported and introduced on labor education at University of Oregon; or on the public employee collective barng unit; or the full-time employment relations board, that handles State's labor management problems for this State; professional ebreaker legislation, which I know that there's some gentlemen that strongly disagree with me on that particular legislation.

t, when I originally introduced these in my tenure in the legisla- the first session, they did not pass, and they took awhile, and some em even took two or three sessions to get finally to the point where le understood them and saw the merits of having legislation in that

believe that the issue of plant closure is one of those issues. I am urporting to say that it's one that will meet with unanimity among ctors, business and government. I think that labor organizations

have some serious reservations about the type of legislation that you have.

But, the point I think that must be addressed, and it's one that is a nontraditional point, is that this issue that you have, an employer, and in a State like Oregon—now, I have been the recipient of this in my legislative district at the community of Westfir, which is just out of Oakridge, but I will tell you that it is not an issue that's solely limited to just Westfir and Oakridge.

At this particular time, over in Burns, Oreg., where the Edward Hines Lumber Co.—again, that's the same employer that was at the Westfir plant in Oakridge—is having problems in that area, and they do not know that—if Edward Hines is going to continue the operation of the plant in Burns, Oreg.

But the point that I think that must be addressed is that, since it is the principal employer in Burns, what happens, and whose responsibility is it, when that employer notifies employees 2 weeks, 1 week, 4 or 5 days in advance, that they are no longer employed?

Whose responsibility is it to the local community, the local government, that has a tax base; the local school districts in this State—which is important because we pay for the schools out of the property taxes in this State—the local fire districts?

Oregon is an extremely independent State, and we have, some people would say, a proliferation of special service districts. Sometime if you go through the statute, you'll find 30 or 40 special service districts that you can form in Oregon.

People will say—I don't know, I imagine you people have no idea what a vector district is, but here in Oregon, you can have a vector special service district, but it uses the taxing base of that district to support itself.

And who has the responsibility, the much larger responsibility to those local governments, if, in fact, an employer decides to leave?

And I would suggest to you—if you pick up the Sunday paper here in Eugene, you'll find out that—just to show you the impact, because there's a local radio station here that gave their employees something like, some of them said a half hour's notice that they were going to go off the air, and they do not know how long they're going to be off, but they're going to be off from 30 to 90 days, so that's the problems with the individual employees.

But there's a——

Mr. CLAY. May I interrupt the gentleman at that point?

Mr. KULONGOSKI. Yes.

Mr. CLAY. I understand that a few days before that announcement, they had an editorial attacking us for bringing this hearing here and opposing plant-closing legislation.

Mr. KULONGOSKI. That is the editorial process. Those of us who are the recipients of the job probably are more—when it happens to us, we're much more conducive to seeing the value of a particular type of legislation such as this.

But those are the issues that I think that have to be addressed by Government, and I would suggest to you that the approach that I used—and I placed it in priority—one, is the question of notification. And it's the question of just how much notification that you should

uire an employer to give when that employer decides that it no ger is economically feasible for that individual to stay in business. Now, I would suggest, when you're talking about notification, this one of those issues that's a substantial departure from what we ditionally believe, that people have a right to go into business, and y have a right to go out of business, and I don't think there's anyng in this type of legislation that prevents an individual from going of business. If that's what the individual wants to do, that's fine.

Now, what I have believed is that—in this State, through the Oregon nomic Development Commission, I tied this legislation into that ticular type of a notification. In others, that they had a year's ification. And there were exemptions from it because of the fact t I recognize that it cannot be a blanket rule; therefore, a lot of ons why, on emergency situations, that there may not be the year's ification being able to be given.

But I do believe that that is a good starting point that we should r at, to try to get employers to recognize a responsibility, if they're to run into this type of situation, to give notification not only he local taxing districts; but I had it tied into the Oregon Economic elopment Commission for the sole purpose that we have a comsion here in Oregon that it's directed to, and to provide economic ulation throughout the State through revenue bonds which the e has authorized them to issue.

think that it's a perfect example right now, in Burns, the accentua- I gave you with the Edward Hines Lumber Co. If, in fact, that pany is going to go out of business and leave that community, I k that the Oregon Economic Development Commission should be n an opportunity to see if they could do anything to help them, f in fact that they can get another industry to locate and utilize facility to keep the people in that area employed, because that e sole employer.

ow, the issue of notification, we can argue around: What is the ber notification to be given? What times?

he second issue is this one, that I think—is the most controversial, it is; whose responsibility does the economic burden fall on, if in that plant is going to close? Or retraining for reemployment, ng jobs.

nd I would suggest to you that I believe that it's a responsibility only of the employer, it's a responsibility of the labor organiza- if one exists that represents those employees, and it's the resibility of the Government.

ecause I would suggest to you that this issue of plant closure just hes on the surface this much broader issue which I believe is g on in this country, nationally, as to our industrial production; that is the question that we must be faced with; that what hapto an individual who has a job and is skilled and is a taxpayer on 1, 1980, and through no fault of his own, on July 1, 1981, whether utomation, it's technology, it's economics, it's bad investment ies on the part of the employer, but that individual is unemployed. ou're not talking about people who have just only been employed or 5 years, you're talking about people who many times have employed for 20 and 30 years.

I would suggest to you that government has always directed all of its programs to this individual we call the chronically unemployed, the chronically uneducated, the chronically unskilled. But we have to start addressing that individual through plant-closure legislation, through a much broader policy of whose responsibility it is when technology or automation, or whatever factors, unemploying unskilled people who on one particular day were employed and were skilled.

So I believe that we're on the cutting edge with this type of legislation. It's an obligation of all the parties involved to be concerned not only for the worker who is displaced, but also for all of the other people in the community who are going to be impacted by this single decision, for economic reasons—and maybe it's a week or two—that they give notification, generally, that "we're not going to be a part of this community any longer."

I just think that, in this day and age in America, that we cannot allow the approach to be taken that the workers are just fixed assets, like any other raw material in the production process, and they're to be discarded when an individual employer decides that he wants out.

I think that there's some minimal standard which that individual employer is required to comply with, not only, as I said before, for the concern for the individual worker, but for all the people in that community who will be impacted by that decision.

I appreciate the opportunity to be here. I know that I've sat in the same position you have, on the State level, and I know that it's difficult, and I know about the diverse opinions in this, but I think that at times we must not only be people who sit and listen, but we must be advocates for the workers of this country; and I happen to be one of those.

I hope that this committee understands the importance of this type of legislation in a State such as Oregon, which has an awful lot of one-employer communities.

Thank you.

Mr. CLAY. Well, we want to thank you for your testimony.

Before I get into questions, first of all, I've been told that you and I grew up in the same community, in the city of St. Louis.

Mr. KULONGOSKI. That's correct, and so did my wife.

Mr. CLAY. I've also been told that you are the Democratic nominee for the U.S. Senate, and were it not for my fear of being accused of partisan politics, I'd wish you all of the luck and success in the world.

Mr. KULONGOSKI. Thank you very much.

Mr. CLAY. Let me ask you, Senator, of any of the plants in this area that have closed, have they taken any positive steps prior to closing to try and abate the adverse economic impact?

Mr. KULONGOSKI. I think that the major ones in the wood products industry—it is a very complicated area. And I think that one of the problems that they have is that many times, until the bid is given on a particular tract of timber, and they lose the bid, that a lot of them do not know, specifically, whether they're going to be in business or not.

Now, I understand that over in Burns, this community I told you about, that this is what happened, is that there was a tract of timber that was up for bid, and two communities ended up bidding for it—the community of Burns, and there's another community to the north-

ast of it called Prineville, and they have a mill; and actually, what ou have is these two communities, and the single employer communi- ies, bidding on this tract of timber to be able to supply the lumber or the mill; and Prineville won.

I don't think that the Hines Lumber Co. was really probably aware f the fact—I mean, they were aware that this was a very dangerous osition to be in, but they did not know until they lost out on the bid hat they weren't going to have the timber at all.

The question could be asked, and I can't answer it, is whether in act that they notified anybody before that they were in this tenuous osition. I would suggest that—the legislation I introduced, it had a articular amendment that I admit I supplied to it, and I raised the yebrows of a number of people in the timber community industry, nd that was that I picked a random figure of 100 employees, and I aid that—and I had a definition out of the tax statutes on timber ompany production—and I said that any lumber company that em- loyed over 100 employees had to keep on file with the Oregon Eco- omic Development Commission a 5-year forecast of where it intended get its supply of timber to operate its mills; whether it's going to private holdings, whether they were going to bid on public tim- er; and my idea was not to disclose any trade secrets, but if the regon Economic Development Commission, looking through its files, ould find out that here's an employer that only gave a 3-year plan, at they knew there was a potential problem there, then they could art working on it to see if there's anything that could be done.

But I want to stress again, the idea isn't to prohibit individual em- oyers from going out of business; it's a right that that individual s. It's just a system or procedure that we're going to follow to get to at particular position.

So, to my knowledge—and it's rather limited as far as what the dividual employers have done—I think that you would find out that hat the radio station here gave was 30 minutes' notice, and it might 2 weeks' notice, but I don't know of anything publicly that employ- s have done specifically to inform on a long-range basis the commu- ty or their employees that they are going to go out of business.

Mr. CLAY. Thank you, Pat!

Mr. WILLIAMS. You currently are a member of the Oregon Senate?

Mr. KULONGOSKI. Yes, I am, Mr. Williams.

Mr. WILLIAMS. Senator, have there been many recent—say within e past 24 months—plant closures in Oregon?

Mr. KULONGOSKI. I think that there are statistics, and I'm quite sure ere are people here who could answer that, and I believe that there s been.

Mr. WILLIAMS. I understand that the State legislature just com- eted a special session. What was the purpose of that session?

Mr. KULONGOSKI. The purpose of that session was that—the Oregon nstitution requires a balanced budget. And what happened is that— t pointing fingers at anyone and saying one party's responsible or other; I think it's the general forecast that we used in this State. We have a very interesting process here in Oregon. If I could, just efly—it is that we only meet in the odd-numbered year, the Oregon gislature, and the Governor has a budget prepared approximately

6 months prior to the legislature convening; so when the Governor prepares his budget, he is actually looking at a forecast for anticipated revenues to the State for 3 years in advance. That's what we're trying to figure on.

And what happened is that the forecasts that we have used since about 1970 have been extremely accurate, and we just missed this year, and I think why we missed was that I think some of the standards in the projections were wrong, and one—I think the major reason is, we met a recession, and it was just devastating to the wood products industry of this State.

Mr. WILLIAMS. And caused plant closures?

Mr. KULONGOSKI. I think that it's much larger than the issue of just going out of business. I think that what happened in Oregon is the fact that there are an awful lot of small mills that employ between 25 and 50 people, that are extremely valuable, and I believe, very bluntly, are the mainstay of the timber industry in this State; and what happens is, when you get high interest rates like you did, these people do not have the capital reserve to close down for 3, 4, or 5 months, or 2 months, and have these layoffs, and start back up.

What happens is that when the high interest rates hit, a lot of them just folded, and what traditionally has happened in this State, I believe, is that economically, that the larger ones have always bought out the smaller ones, but that isn't what they're doing any more, because now all you have to do is buy out their market, and the small ones can't get back into it because the costs are too high; the costs of the timber, the costs of production; and they close and they just go out, and are basically no longer a part of the economic community.

Mr. WILLIAMS. The plant-closure legislation that you sponsored, would that have included these small 20- or 30-worker mills that you referred to?

Mr. KULONGOSKI. If I'm not mistaken, mine had a 50-employee limitation, in it, as I remember. And it didn't apply to the smaller ones.

And, you know, that's another problem I expressly am concerned about. Because of the direction the State's going in lumber production—the structure of it is going to be just a few very large ones—Weyerhaeuser, Georgia Pacific, and Crown Zellerbach. And it's going to be awfully hard for a small independent operator to stay in business.

Mr. WILLIAMS. I'm trying to link serious layoffs or shutdowns, plant closures, with the public cost, and I'm intrigued by the possibility that the special session was, in part at least, and perhaps in large measure, caused by such layoffs and closures.

What's the cost to the public of a special session of the legislature?

Mr. KULONGOSKI. If I'm not mistaken, it probably—you mean the actual dollar outlay; what it costs us to be up there for 5 days?

[Mr. Williams nods.]

Mr. KULONGOSKI. I would say probably at a cost of somewhat between $20,000 and $30,000 a day for 5 days.

Mr. WILLIAMS. What percent of the jobs in Oregon are linked to the wood products industry? Do you know?

Mr. KULONGOSKI. I think that it directly—it is not the—I want to use the figure of 20 percent, but I think there are people here you could probably ask that.

I think the significant question that you asked, though, is the fact that, in the last 10 years, if you looked at a forecast of—I mean, a projection of employment in this State, you would find that the majority of employment is in high technology industry. Oregon is becoming a very lucrative location for the electronics industry.

The largest single employer in the State, other than the governmental agencies, is in the Tektronix firm up out of Beaverton, Oreg., out of Portland; and you have Hewlett-Packard in Corvallis, and you're starting to see more and more; and I know there's a plant, an employer that's located or thinking of locating in Medford, Oreg., and there are those who have come to Eugene, attempting to locate, and we've gotten into an argument of whether, basically, the community wants to move in that direction.

But the fact is that you'll find out that employment in high-technology areas increased, if I'm not mistaken, in the last 10 years, between 80 and 100 percent, whereas the increase in the wood products industry employment has only been about 4 or 5 percent.

So, as more and more people have come to this State, I think that you can see that the wood products industry hasn't been, percentagewise, increasing in its percentage of the work force, as other areas of employment; and we're very consumer-oriented, service-type industry now.

Mr. WILLIAMS. Let me ask you one more question—and I recognize I'm just asking for your subjective judgment—but, as a State senator and candidate for the U.S. Senate, you have no doubt a breadth of experience in dealing with the major companies in this State.

Why aren't they here? Why do they refuse to even come and discuss this vital issue to Oregon with this committee?

Mr. KULONGOSKI. Well, one of the things that I think that has happened in this country is the fact that labor and management and Government tend to like to point the finger at each other, saying that, "You're the cause of all these problems, and if you'd just leave me alone then I can do this." We tend to operate in a posture that existed maybe 30 or 40 years ago.

I think that what the problem is, is that we're still arguing that it's nobody's business if I want to go out of business, and if I want to give you a 1-day notice, that's all I have to give you.

I think that it's just old ideas that people are unwilling to accept that we're changing on, and I'm not only including employers in this, because I can tell you that there are some labor organizations that would probably be opposed to this legislation because of the fact that they think that it's, you know, somehow going to impact on their membership, where you have a cooperative or something like that. And those are the issues that have to be addressed.

But I would suggest that Chrysler didn't get in trouble, in my opinion, because of the Government; just bad, lousy management decisions on big cars. If we don't start admitting that, and if management doesn't start admitting that they make lousy decisions, which causes a lot of their problems, and in fact if Government doesn't stop always trying to overregulate, a lot of the industries and the labor organizations stop taking an attitude that labor-management posturing is like it was 40 years ago—and I'm a labor attorney, I understand this process.

But I think that it's a different economy, and I think that we all have to recognize that there's a responsibility on the three parties in that team—the employer in the private sector, the Government, and the labor organizations—to come together; and it isn't winning or losing, because, you know, I've told a number of employers, and I've said, look, and I've met with the timber industry, and I said that, you know, "You're not the people that I traditionally get my support from," and I said, "The people that I want to protect and I want to look out for are your workers, but I happen to know, and believe very strongly, that unless the employers of this country have an opportunity to make a profit, they can't employ the people that I want to represent."

I happen to be one of those individuals that believe jobs come first. I just believe it so strongly that I think that's what makes this country strong economically, domestically, and it's the first step, the first element in a viable defense posture for this country.

If you want these other countries to look at us and to have respect for us, you better show them that you don't have 7 to 10 million Americans chronically unemployed.

If you want to reduce the welfare rolls, if you want to reduce taxes in this country, if you want people to have pride in themselves and in their country, you have got to put them to work. And it's just that simple.

That's why I think this type of legislation is vital, because I think it addresses the issue of "let's get and keep jobs for the people."

But we're just fighting against each other in this process, and I would hope that, if in fact this type of legislation and this type of hearing does nothing else, it brings these people out to fight with each other so they have a dialog and can discuss exactly what we want to do.

But you can't solve it by sticking your head in the sand and just saying, "Get away from me." You have to get out, and you have to discuss it, and I think that the employers have a legitimate concern about legislation in this area, and I am willing to accommodate them, and try to work with them to try to get a program and approach that meets the concerns of all of them.

But you've got to have a starting point, and you've got to get them out here to talk about it.

Mr. WILLIAMS. Thank you.

Mr. CLAY. Edie?

Ms. BAUM. I was wondering, Senator, if you would supply a copy of the bill you introduced in the Oregon Legislature to the subcommittee.

Mr. KULONGOSKI. Yes; I would be more than happy to.

Mr. CLAY. Thank you for your testimony.

Mr. KULONGOSKI. Mr. Clay, thank you very much. I appreciate it.

[Senate bill 729 follows:]

OREGON LEGISLATIVE ASSEMBLY—1979 Regular Session

Senate Bill 729

Sponsored by Senator KULONGOSKI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Requires businesses to inform Department of Economic Development of intention to reduce operations at any workplace two years before the reduction takes effect. Requires Department of Economic Development to notify affected taxing districts within 30 days of receipt of notice of intent to reduce operations. Requires Department of Economic Development to investigate feasibility of employe-owned business and to report findings to employes affected by reduction in operations. Requires Department of Economic Development to assist employes affected by reduction in operations in effort to create employe-owned business. Requires businesses reducing operations to offer sale of business to employes before making offer to others.

A BILL FOR AN ACT

Relating to economic development.

Be It Enacted by the People of the State of Oregon:

SECTION 1. As used in this Act unless the context requires otherwise:

(1) "Business operation" means a person, firm, partnership, corporation, trust, association or other form of business organization which employs at least 50 individuals at a single workplace in this state.

(2) "Department" means the Department of Economic Development.

(3) "Employe-owned business" means a business operation owned wholly by employes of that business and controlled by those employes or by a board of directors selected by the employes.

(4) "Reduction in operations" means the closure or relocation of a workplace or any other action taken by a business operation that reduces the number of employes at a workplace by 15 percent or more for a period exceeding three months.

(5) "Taxing districts" means any county, city or special district permitted by law to tax business operations with workplaces located within its boundaries.

(6) "Workplace" means any factory, plant, office or other facility where an employer has hired employes to produce items or provide services.

SECTION 2. The provisions of this Act do not apply to reductions in operations:

(1) Resulting from labor disputes; or

(2) Occurring at construction sites and other temporary workplaces.

SECTION 3. Any business intending to reduce operations at a workplace shall:

(1) Provide the department with written notice of its intent to reduce operations two years before the reduction takes effect.

(2) Specify in the notice required by subsection (1) of this section the:

(a) Name, location and nature of the workplace affected;

(b) Reasons for the reduction in operations; and

(c) Number of employes adversely affected by the contemplated action.

SECTION 4. (1) Upon receipt of the notice of reduction in operations required of business operations by

NOTE: Matter in bold face in an amended section is new; matter *[italic and brac.]* and is existing law to be omitted; complete new sections begin with SECTION.

1 section 3 of this Act, the department shall:

2 (a) Within 30 days, notify in writing the taxing districts that will be adversely affected by the reduction of

3 the decision to reduce operations; and

4 (b) Investigate and present to the business operation alternatives to reduction which would maintain the

5 existent level of employment.

6 (2) If the department cannot persuade a business operation to adopt an alternative presented under

7 paragraph (b) of subsection (1) of this section, the department shall conduct an initial study of the feasibility of

8 establishing an employe-owned business to continue the operations at the workplace at the existent level of

9 employment.

10 (3) If the department finds that an employe-owned business is feasible under subsection (2) of this section,

11 the department shall require the business operation to inform the employes that will be adversely affected by

12 the reduction of operations of the services available under section 5 of this Act.

13 (4) If five or more employes of a business which plans to reduce operations contact the department

14 concerning the formation of an employe-owned business, the department shall call an informational meeting of

15 all the affected employes to explain the services available under section 5 of this Act.

16 SECTION 5. (1) If at an informational meeting held under subsection (4) of section 4 of this Act, a majority

17 of affected employes votes to establish an employe-owned business, the department shall provide the following

18 services upon request:

19 (a) Inform employes, labor organizations and local communities of the availability of the services

20 authorized by this Act.

21 (b) Evaluate the feasibility and economic viability of a proposed employe-owned business.

22 (c) Provide technical assistance to persons who seek to form an employe-owned business.

23 (d) Provide assistance, counseling and training in the management of an employe-owned business.

24 (e) Assist persons to obtain financing for the purchase and operation of an employe-owned business.

25 (f) Coordinate the efforts of local, state, federal and private agencies assisting in the formation or

26 operation of an employe-owned business.

27 (2) The department shall assign not less than two full-time employes, plus supporting clerical and

28 secretarial staff, to perform the duties delegated to the department by this Act.

29 SECTION 6. A business which intends to reduce operations at a workplace shall not offer to sell the

30 facilities of that workplace unless an offer of sale has first been made to the employes of that business. The

31 offer shall not be made to the employes until the employes have first been informed of the services available

32 from the department under section 5 of this Act.

Mr. CLAY. The next witnesses will consist of a panel: Keith Johnson, Ralph Burnett, and Ralph Miranda.

Without objection, your statements will be included in the record in their entirety, and we would appreciate if you would summarize them.

[Prepared statement of Keith W. Johnson follows:]

Prepared Statement of Keith W. Johnson, President, International Woodworkers of America

The IWA is a trade union representing 115,000 members -- 32,000 of whom live and work in the Pacific Northwest. Our members are employed in logging, sawmills, plywood mills and other wood manufacturing oper tions.

As president of the IWA, I welcome the opportunity to come before this committee and express our union's viewpoint on a bill that would provide protection and relief to workers and communities faced with the trauma of plant closures. We strongly support the measure.

In support of "The National Employment Priorities Act" we are submitting detailed written testimony developed by our International Research and Education Department. I would like to highlight the thrust of our written testimony.

In our view, plant closures are a social problem. Private corporations have the ability to make and enforce decisions about assets and resources at an incredible speed. Their decisions to shift capital, drain assets or close plants do not involve the people or communities that are affected by those decisions. Yet, when the corporate decisions are made and the plant closed it is the public body that must deal with the consequences.

The cost burden is shifted from the private sector to the public areas as

"social cost." To us, if the public pays the "social costs" of the plant closures, then plant closures are a social problem and they demand a public response.

In June, the IWA co-sponsored a conference on plant closures. Over 350 trade unionists and community organization representatives attended. We learned many interesting things about the how and why of plant closures. How companies close plants because they are not "profitable enough." How conglomerates will drain a company's assets or siphon off profits without reinvestment until an operation does become a loser and is closed. How profits and investments are shifted overseas or to other areas of the country. We looked at the effects of concentration, the communications revolution and a U. S. tax policy that encourages plant closings. The conference was an enlightening experience for all concerned.

Much of the information presented at the plant closure conference applied directly to the IWA's bailiwick, the wood products industry. Wood products are the backbone of the Northwest economy; in Oregon it accounts for nearly 40% of the manufacturing employment. In our industry there has been an ongoing process of concentration through mergers, take over and acquisition. The big firms buy up smaller ones to gain control of the timber resources. Today two-thirds of the Northwest private timber supply is in the hands of 6 companies. On the production end of our industry there has been a similar drive towards concentration. In 1967 the 50 largest firms accounted for 28% of the production. By 1977 they accounted for 46% and their total share is still rising. Concentration means closures.

Over the past year and a half roughly 4,000 IWA members in the Northwest have lost their jobs in permanent closures. When you examine a list of closures and their reasons, "timber supply" and "obsolete mill" appear over and over again. To the IWA the problems of supply and obsolete mills is linked directly to a policy of log exports. We call this a policy to export jobs.

From our point of view "timber supply" closures are not so much a supply problem as it is a question of utilization of existing supply. Simply put, when we see 20% of the total Northwest yearly timber harvest being exported as raw logs, we find the timber supply reason for closures hard to accept; it is a problem of utilization. When we find mills closing because of "antiquated or obsolete equipment" which was designed for unavailable old growth timber and then see the best old growth timber laying in the holds of ocean-going vessels, we say something is wrong. The point is that corporate decisions are being made on how our existing supply of timber is being used and these decisions have a direct and adverse impact on the workers and tax base of the Northwest.

One of the problems we have in dealing with the log export issue is that our own tax policies support the corporate decisions. Under DISC (Domestic International Sales Corporation) we ensure corporations big profits through the export of a valuable raw material. DISC export profits are taxed at half the U. S. corporate rates. On top of that we give corporations a tax write-off for closing plants. So what happens: a company encouraged by DISC exports old growth logs -- a "supply" problem develops at a mill or the mill becomes "obsolete" because it is designed to handle old growth logs -- the company, expressing its regrets over the "problem", closes the mill and gets a tax break in the process. This is ethically wrong and it is the Northwest economy that will suffer because of these private decisions.

The last of these private decisions affecting our lives is wood products has to do with investments. Where do these big log export profit go? Not here. If you want to see an industry planning to phase out employment, look to the planned capital investments. One survey by Forest Industries magazine found the industry had intentions of spending $815.5 million on new mills and equipment. When broken down geographically, it came out to $347 million, or 56% in the southern U.S., $138.1

million, or 22% in British Columbia and only $50.2 million, or 6% in the western U. S. An industry strategy of southern expansion built upon Northwest profits without adequate reinvestment in this region spells one thing -- mill closures.

T is brings us to the number one reason we are here -- workers and their communities. That's what this union is all about, people and the places they live. Plant closures ruin both.

To the individual worker it can be a loss of income, seniority and pension benefits.

To a community, a closure spells disaster. When a plant closes, particularly in the smaller one-industry towns that dominate wood products, it is like a set of dominoes falling. It goes like this: workers lose their jobs, the local stores lose sales and cut back the work force or close, the local luncheonette closes, charities lose funding, money gets tight at the bank, property values decline -- a town begins to wither and slowly die. The fact is, unemployment is an infectious disease; its effects cannot be quarantined within the home of the displaced worker.

The economic impact of a closure does not end at the local stores; it spreads into the tax base. As the tax base declines so does the ability of the local community to deliver the services -- at a time when those services are most needed.

This committee should be keenly aware of this tax cycle. For example, Oregon alone faces a $200 million budget deficit this year which is a direct reflection of the employment/tax base linkage. We now face cut-backs in social services just when they are most needed. What is most necessary for you to understand is that while much of our current unemployment is temporary, due to the housing slump, a sizeable portion of it is not. Sections of the Northwest wood products industry are closing up for good.

A moment ago I referred to unemployment as an infectious disease; it is, in a very human way. The tragedy of depression, despair, broken marriages and health

problems show up as statistics in scientific studies. One study of workers involved in a closure found:

> "increased frequency of ulcers in the layed-off men and their wives, greater likelihood of future ailments and diabetes, greater hypertension and swollen joints...it took most close to half a year to recover, but as time went on those who were still unemployed tended to blame themselves for their plight. Some became convinced that they couldn't hold a job. Others eventually turned to suicide -- at a rate 30 times greater than the national norm."

Unemployment not only makes one sick it can and does kill. Dr. Jerrey Brenner of Johns Hopkins University has testified before numerous congressional committees on this topic. He has found that a one per cent increase in the aggregate unemployment rate sustained over a period of six years results in approximately

- -- 37,000 total deaths (including 20,000 cardiovascular deaths)
- -- 920 suicides
- -- 650 homicides
- -- 500 deaths from cirrhosis
- -- 4,000 state mental hospital admissions
- -- 3,300 state prison admissions

The cost of this human suffering is staggering, and the human toll goes on as communities hit by closures find rapid increases in spouse abuse, child abuse, broken marriages, alcholism and drug abuse. The sad part is just as the health problems increase the health coverage lapses. We pay a terrible price for unemployment,

socially and economically.

Again, I come back to the point that when the private decisions have been made and the plant closed, it is the public body that must deal with the human consequences. If we must bear the terrible costs of plant closures, then it is a public problem. If it is a public problem as a result of private decisions, then we as the public have a right and a duty to intervene in the decision-making process.

This brings us to what can be done and what is being done. Currently some 15 states are considering plant closure legislation. Two states, Maine and Wisconsin have already passed some minimal standards. Today we are here to testify in favor of a federal bill "The National Employment Priorities Act." All of these state and federal measures call for some basic items: advance notice, transfer rights, severance benefits, community tax loss protection, investigation of closures, and financial and technical assistance to keep the plants open.

It is not as if these ideas are new. The fact is, the U. S. as a whole is behind the times. Every industrialized nation in the western world has laws similar to what we are only now beginning to consider.

All the western industrialized nations provide more protection for their workers and have more control over corporations that operate within their boundaries than does the United States. American corporations operating overseas exist and thrive within those laws; in fact, they often point to overseas operations as the principal source of profits. They will survive such legislation at home.

At home, and in our schools we teach our children that the American political system is "a government of, for and by the people." In this spirit, it is the government's obligation to recognize, defend and help its most important asset, -- working people. Workers need and demand the passage of H.R. 5040 "The National Employment Priorities Act."

STATEMENT OF KEITH JOHNSON, PRESIDENT, INTERNATIONAL WOODWORKERS OF AMERICA

Mr. JOHNSON. Well, thank you very much, Mr. Chairman.

Senator Kulongoski is a very hard act to follow. He covered many of the most important facts, I believe.

I'm Keith Johnson, president of the International Woodworkers of America, and our headquarters is situated in the Pacific Northwest, in Portland, Oreg.

The IWA is a trade union representing 115,000 members—32,000 of whom live and work in the Pacific Northwest. Our members are employed in logging, sawmills, plywood mills, and other wood manufacturing operations.

As president of the IWA, I welcome the opportunity to come before this committee and express our union's viewpoint on a bill that would provide protection and relief to workers and communities faced with the trauma of plant closures. We strongly support the measure.

In support of the National Employment Priorities Act, we are submitting detailed written testimony developed by our international research and education department. I'd like to highlight the thrust of our written testimony.

In our view, plant closures are a social problem. Private corporations have the ability to make and enforce decisions about assets and resources at an incredible speed. Their decisions to shift capital, drain assets, or close plants do not involve the people or communities that are affected by those decisions. Yet, when the corporate decisions are made and the plant closed it is the public body that must deal with the consequences.

The cost burden is shifted from the private sector to the public arena as social cost. To us, if the public pays the social costs of the plant closures, then plant closures are a social problem and they demand a public response.

In June, the IWA co-sponsored a conference on plant closures in Portland, Oreg. Over 350 trade unionists and community organization representatives attended. We learned many interesting things about the how and why of plant closures: How companies close plants because they are not profitable enough; how conglomerates will drain a company's assets or siphon off profits without reinvestment until an operation does become a loser and is closed; and how profits and investments are shifted overseas or to other areas of the country. We looked at the effects of concentration, the communications revolution and a U.S. tax policy that encourages plant closings. The conference was an enlightening experience for all concerned.

Much of the information presented at the plant-closure conference applied directly to the IWA's bailiwick, the wood products industry. Wood products are the backbone of the Northwest economy; in Oregon it accounts for nearly 40 percent of the manufacturing employment. In our industry there has been an ongoing process of concentration through mergers, takeover and acquisition. The big firms buy up smaller ones to gain control of the timber resources. Today two-thirds of the Northwest private timber supply is in the

best copy available

hands of six companies. On the production end of our industry there has been a similar drive toward concentration. In 1967 the 50 largest firms accounted for 28 percent of the production. By 1977 they accounted for 46 percent, and their total share is still rising. Concentration means closures.

Over the past year and a half, roughly 4,000 IWA members in the Northwest have lost their jobs in permanent closures. When you examine a list of closures and their reasons, timber supply and obsolete mill, appear over and over again. To the IWA the problems of supply and obsolete mills is linked directly to a policy of log exports. We call this a policy to export jobs.

From our point of view, timber supply closures are not so much a supply problem as it is a question of utilization of existing supply. Simply put, when we see 20 percent of the total Northwest yearly timber harvest being exported as raw logs, we find the timber supply reason for closures hard to accept; it is a problem of utilization. When we find mills closing because of "antiquated or obsolete equipment" which was designed for unavailable old growth timber, and then see the best old growth timber laying in the holds of ocean-going vessels, we say something is wrong. The point is that corporate decisions are being made on how our existing supply of timber is being used, and these decisions have a direct and adverse impact on the workers and the tax base of the Northwest.

One of the problems we have in dealing with the log export issue is that our own tax policies support the corporate decisions. Under DISC, the Domestic International Sales Corp., we assure corporations big profits through the export of a valuable raw material. DISC export profits are taxed at half the U.S. corporate rates. On top of that, we give corporations a tax writeoff for closing plants. So what happens: A company encouraged by DISC exports old growth logs; a supply problem develops at a mill, or the mill becomes obsolete because it is designed to handle old growth logs; the company, expressing its regrets over the problem, closes the mill and gets a tax break in the process. This is ethically wrong, and it is the Northwest economy that will suffer because of these private decisions.

The last of these private decisions affecting our lives in wood products has to do with investments. Where do those big log export profits go? Not here. If you want to see an industry planning to phase out employment, look to the planned capital investments. One survey by Forest Industries magazine found the industry had intentions of spending $615.5 million on new mills and equipment. When broken down geographically, it came out to $347 million, or 56 percent into the southern United States, $138.1 million, or 22 percent into British Columbia, Canada, and only $50.3 million, or 8 percent in the western United States. An industry strategy of southern expansion built upon Northwest profits without adequate reinvestment in this region spells one thing—mill closures.

This brings us to the No. 1 reason we are here—workers and their communities. That's what this union is all about, people and the places they live. Plant closures ruin both.

To the individual worker it can be a loss of income, seniority, and pension benefits.

To a community, a closure spells disaster. When a plant closes, particularly in the smaller one-industry towns that dominate wood products, it is like a set of dominos falling. It goes like this: Workers lose their jobs, the local stores lose sales and cut back the work force or close, the local luncheonette closes, charities lose funding, money gets tight at the bank, property values decline—a town begins to wither and slowly die. The fact is, unemployment is an infectious disease; its effects cannot be quarantined within the home of the displaced worker.

The economic impact of a closure does not end at the local stores; it spreads into the tax base. As the tax base declines, so does the ability of the local community to deliver the services—at a time when those services are most needed.

This committee should be keenly aware of this tax cycle. For example, Oregon alone faces a $200 million budget deficit this year which is a direct reflection of the employment/tax base linkage. We now face cutbacks in social services just when they are needed the most. What is most necesary for you to understand is that, while much of our current unemployment is temporary, due to the housing slump, a sizable portion of it is not. Sections of the Northwest wood products industry are closing up for good.

A moment ago, I referred to unemployment as an infectious disease; it is, in a very human way. The tragedy of depression, despair, broken marriages, and health problems show up as statistics in scientific studies. One study of workers involved in a closure found:

> Increased frequency of ulcers in the laid-off men and their wives, greater likelihood of future ailments and diabetes, greater hypertension and swollen joints. It took most close to half a year to recover, but as time went on, those who were still unemployed tended to blame themselves for their plight. Some became convinced that they couldn't hold a job. Others eventually turned to suicide—at a rate 30 times greater than the national norm.

Unemployment not only makes one sick; it can and does kill. Dr. Jarvey Brenner of Johns Hopkins University has testified before numerous congressional committees on this topic. He has found that a 1-percent increase in the aggregate unemployment rate, sustained over a period of 6 years, results in approximately 37,000 total deaths (including 20,000 cardiovascular deaths); 920 suicides; 650 homicides; 500 deaths from cirrhosis of the liver; 4,000 State mental hospital admissions; and 3,300 State prison admissions.

The cost of this human suffering is staggering, and the human toll goes on as communities hit by closures find rapid increases in spouse abuse, child abuse, broken marriages, alcoholism, and drug abuse. The sad part is, just as the health problems increase, the health coverage lapses. We pay a terrible price for unemployment, socially and economically.

Again, I come back to the point that when the private decisions have been made and the plant closed, it is the public body that must deal with the human consequences. If we must bear the terrible costs of plant closures, then it is a public problem. If it is a public problem as a result of private decisions, then we, as the public, have a right and a duty to intervene in the decisionmaking process.

This brings us to what can be done and what is being done. Currently some 15 States are considering plant closure legislation. Two

pages tightly bound

States, Maine and Wisconsin, have already passed some minimal standards. Today, we are here to testify in favor of a Federal bill, "the National Employment Priorities Act. All of these State and Federal measures call for some basic items: Advance notice, transfer rights, severance benefits, community tax loss protection, investigation of closures, and financial and technical assistance to keep the plants open.

It is not as if these ideas are new. The fact is, the United States as a whole is behind the times. Every industralized nation in the Western World has laws similar to what we are only now beginning to consider.

All the Western industrialized nations provide more protection for their workers and have more control over corporations that operate within their boundaries than does the United States. American corporations operating overseas exist and thrive within those laws; in fact, they often point to overseas operations as the principal source of profits. They will survive such legislation at home, too.

At home, and in our schools, we teach our children that the American political system is "a government of, for, and by the people." In this spirit, it is the Government's obligation to recognize, defend and help its most important asset—working people. Workers need and demand the passage of H.R. 5040, the National Employment Priorities Act.

And that is the summary, Mr. Chairman, of the long paper that we gave you.

Mr. CLAY. Thank you.

Mr. Burnett, did you have a statement?

Mr. BURNETT. Thank you. Yes, I do. However, most of the things that are in my statement have been covered by Keith and the Senator that spoke before him.

[Prepared statement of Ralph Burnett follows:]

PREPARED STATEMENT OF RALPH BURNETT, EXECUTIVE BOARD MEMBER, WASHINGTON STATE LABOR COUNCIL, AFL-CIO

The issue of plant closures is national in scope and profound in its economic and social implications. The plant closure practices of the conglomerates and multinationals who dominate our economy will increasingly erode the nation's industrial base unless the issue is confronted and dealt with.

When a factory shuts down, few resources are available to the terminated employee. A new job comparable to the lost job is seldom available. Displaced workers must compete against each other in a scramble for the few available jobs. Displaced workers can draw unemployment compensation for a while but that is at best a stopgap—inadequate for the needs of a depressed economy. Some unionized workers may enjoy the modest additional cushion of severance benefits. But frequently those benefits do little more than offset and reduce unemployment benefits. Some federal funds may be available in limited circumstances for retraining. Beyond these minimal protections there are only welfare checks—or nothing at all.

The rationale for plant closures—the only rationale that can be offered—is the maximization of profits. Even when a local plant is profitable, it may not be profitable enough to meet corporate goals.

For the sake of maximum profits, the heads of multinational corporations make decisions that destroy jobs, families, and communities. To ensure profits, they decree an economic death sentence for productive workers. For private profits, needless extra social costs are imposed upon local and state governments. The welfare of the local community does not show on the corporate financial statement.

The cost to workers of a plant closure is joblessness. The reward for the corporation is often additional tax incentives.

Federal legislation that severely curtails the power of corporations is essential if we are to protect workers and their communities. Congress must face the challenge and come down on the side of the estimated fifteen million workers whose jobs were destroyed by plant closures from 1969 to 1976; the millions made jobless since then; the still other millions whose jobs are on the line today.

H.R. 5040 does not compensate the victims or mend the damage done by closures of the past. It does provide some protections for the workers and communities who face the threat of closure in the years ahead.

The provisions requiring notice of closure; job transfers or severance pay for workers; limited continuation of employer-paid pension and health coverages; payment to local government of 85% of lost tax revenue for one year; and loans, grants and technical assistance to affected communities, are limited in scope and duration. As partial protections, they are better than today's reality, which is no protection at all. And they represent the bottom line. They surely do not lend themselves to any further emasculation in the name of political compromise.

Our experience with the Humphrey-Hawkins Bill suggests that, on basic jobs legislation, the road of compromise and concession, once embarked upon, is likely to end in language rich in resounding phrases but wanting in substance. Resounding phrases will not restore the job of a single woodworker among the 50,000 whose jobs have been lost because of mill closures in the Northwest. Specific requirements, spelled out in clear language, are needed to protect workers, families and communities. We strongly support H.R. 5040, the National Employment Priorities Act, as it has been introduced. We urge you to make every effort to retain the protections it offers and seek to improve its provisions in the years ahead.

STATEMENT OF RALPH BURNETT, PRESIDENT, IWA LOCAL 3-130, CENTRALIA, WASH.

Mr. BURNETT. What I would like to do is just take a moment to talk to you about what actually happens when there is a plant closure.

I'm a business agent for the International Woodworkers in southwest Washington, and within my local union there have been three major plant closures in the last 2 years.

As far as assistance from the Government agencies, there's almost none.

I'd like to go through a plant-closure situation that occurred in Raymond, Wash., if I could. It was a Weyerhaeuser sawmill.

In October of last year, they called in our negotiating committee for the sawmill and announced that they were going to close down the plant. The reasons they gave us: Obsolescence, and the fact that the plant was noncompetitive, whatever that means.

They then told us, however, if we were interested in having a new plant, if we were willing to disregard our past practices, our labor agreement, our seniority clauses, our right to standard hours of labor; if we were willing to work for mandatory overtime, no standard hours of labor, this type of thing, that they would be willing to build a plant there. But they had to be economically competitive.

The offer that they made us we took back to the crew so that they could vote on it, as is our practice, and they turned it down. They said they weren't going to go back to the conditions that existed in 1937 in order to have a job.

I should explain to you that the major industry in the city of Raymond, Wash., is the Weyerhaeuser sawmill. Without the Weyerhaeuser sawmill, the city of Raymond does not exist.

The Weyerhaeuser timber company then threw a public relations campaign, turned the people of that town against the workers in that

sawmill, and it was a bad situation for a while. They made some statements that the workers didn't care about the community; that if they cared about the community they'd be willing to accept these working conditions that they'd proposed; there was nothing bad about the working conditions, and so on, so forth.

At that point in time, as much as it bothered us to do so, we went to the chamber of commerce, and we talked to the president of the chamber of commerce, and we told him what our situation was and what the situation of those workers were.

He said, "Well, Weyerhaeuser is saying this, and this is their position, and it's our position." So we said, "If we prove to you that it is a substandard offer, will you listen to us?" And he said yes.

So we actually took a copy of the working agreement, as proposed by Weyersaueser, to the president of the chamber of commerce, and his reaction was that he or nobody that worked for him would work under those kind of conditions.

We were lucky in Raymond, Wash. We have a new sawmill coming in there now, and we negotiated a very good labor agreement, because the people in the community worked with the IWA to turn this company around to get the sawmill. We weren't that lucky in some other places.

But—I hesistate to use the word blackmail when I talk about Weyerhaeuser and the Raymond situation——

Mr. CLAY. Why don't we use the word "whitemail?"

Mr. BURNETT. Whatever.

Mr. CLAY. It's against the rules of the House to have any demonstrations.

Mr. BURNETT. My point is that if you talk about—whether you call it blackmail or whitemail—you indicate that there's some wrongdoing on the part of the employees or you couldn't blackmail them; and that's not the truth. There was no wrongdoing on the part of the employees.

The company was using the plant closure as a club and as an opportunity to be able to bypass the working conditions and working agreement that we had worked hard over the last 20 years to build up in that sawmill.

I'd like also to talk to you about a plant closure that occurred in Centralia, Wash. This is a plywood plant. It's a temporary closure; it's only been going on since January 1979. It may go on forever.

But it is a temporary plant closure, and that's very important, because since it's a temporary plant closure, it's impossible for us to force the employer to the bargaining table to talk about what's going on.

Over the course of the last 1½ years, we have filed and won four unfair labor practice charges against that employer when he tried to lease his plywood plant to his son. It wasn't economically feasible for him to operate that plywood plant, but it was economically feasible for him to lease it to his son and have him operate it.

We still haven't got him to the bargaining table to bargain. There's a law on the books that says that an employer must bargain a plant closure, but first of all, it has to be a plant closure.

Those people who worked in that plant, who have lost their pensions, their health and welfare benefits, some of whom have—well, I'll give you a couple of examples:

The one young fellow who worked in the plant used to stop by pretty regularly in the months of February and March and talk to me. He didn't know what to do exactly; he'd been working at the plywood plant for 4 years, and he was married, had a young child, and his wife was pregnant. He didn't know if he should relocate or if he should stay around and wait for the plant to open.

We couldn't get any information for him on whether or not the plant was going to reopen, and he didn't know what to do. What he did do was get in the habit of, when he got his unemployment check, going down to the tavern and meeting with some of his friends and having a few drinks.

You know, when he left that tavern that night, and hit that Burlington Northern freight train, nobody blamed it on the plant closure. But I know, certainly, that if we had had a law on the books that would have made that employer talk to us, make a prior announcement of what was going to happen in that plant and conditions would have been different, things would have not happened the way they did.

Mr. CLAY. Thank you.

Mr. Miranda?

Mr. MIRANDA. Yes, Mr. Clay, I have a few things to say. My written testimony is my oral testimony, and I've attached some documents to it. From time to time I'll mention a letter that we wrote, or a letter that we had this morning that will be attached to the written testimony.

Mr. CLAY. The documents will be included in the record also.

[Prepared testimony of Ralph Miranda follows:]

Prepared Testimony of Ralph A. Miranda, Secretary-Treasurer and Business Agent, International Woodworkers of America, Local 3-64, McCloud, Calif.

The following testimony by Ralph A. Miranda, Secretary-Treasurer and Business Agent, International Woodworkers of America, Local 3-64, McCloud, CA., contains facts and documents as they pertain to the McCloud, CA. Sawmill Plant Closure and the Mount Shasta Sawmill sale.

This testimony outlines the steps taken by Management towards a closure, describes the effects of the closure on the Workers and is intended to reflect the need for legislation to protect Workers in case of Plant closures.

MCCLOUD, CALIFORNIA

On August 21, 1975, this Local Union wrote a letter to the Vice-President and General Manager of Champion Internationals Western Manufacturing in Eugene Oregon. (see attachment #1)

Questions were asked by concerned Workers about the various changes being made at the McCloud Operation, and about the rumors of a permanent shutdown.

The letter outlines problems such as, a cut in maintenance, poor management and considerable waste. It indicates that the workers were blamed and the letter concludes with a sincere concern about making the operation profitable.

In the response to the Union, (see attachment #2) the Vice President and General Manager, explained the reasons for the changes, including mention of building a new Sawmill designed to handle smaller timber.

The letter closes by saying that the Company intends to operate at McCloud, and that high cost and the inability to sell products,profitably were the only things that would shut down the operation.

On June 18, 1979, notice was posted (see attachment #3) that the Cutstock operation would be curtailed for an indefinite period, on the following day.

We demanded our rights (see attachment #4) to meet and bargain on the effects of the closure. The Company indicated that this was not a Plant Closure or a step towards a permanent Plant Closure, but only a curtailment of 42 workers for an indefinite period to adjust to negative economic conditions. As a result, the Union was not successful in negotiating severance benefits for the 42 workers.

Newspaper articles, such as the attached, (see attachment #5) about the future of the McCloud operation being studied, and articles indicating the possibility of a decision to permanently close the Sawmill by the end of 1979, led to our letter of September 7, 1979 (see attachment #6) demanding from the Company a letter of definite explanation, of the intentions at the McCloud Operations.

On September 11, 1979, this Local Union received a letter, News release (see attachment #7) and an information sheet called "White Paper". The Company pointed out that serious consideration was being given to permanently close the McCloud Operation. The Company welcomed suggestions and constructive input from the Union.

The Union suggested that if a decision to permanently close was made, to close in March or April of 1980, so that the workers could have a better chance on finding a job and it would be easier to move during the good weather rather than in the winter months. A suggestion was also made that if the Company was going to sell the mill to a competitor, it should let the Industry know the mill was on the market.

The "White Paper" mentions that the Company officials recognize that the mill is the major industrial employer in the town. The paper concludes with a consolidation of misleading questionable facts, such as, that McCloud mill employees account for under 8 percent of the town's population, and that

26 percent of the homes in McCloud were represented by Company employees. The paper is correct in stating that employees also reside in other nearby communities.

It fails to point out that the families of the Redding area [illegible] in the area also suffered losses as a result of the closure. If the families and persons suffering as a direct result of the closure were to be counted as "persons effected by the closure" the numbers would be far greater than 8 percent or 26 percent.

On September 21, 1979 the Company announced, (see attachment #8) the closing of the McCloud Sawmill due to depleted supply of old-growth timber.

We demanded our rights to a meeting and bargain on the effects of the closure on the workers. (see attachment #9) We met with the Company on October 4, 1979 in Portland, Oregon.

One point of major concern to us was that of pensions. Discussions at the meeting (see attachment #10) about actuarial reductions were in our favor. It was agreed that a worker meeting the pension plan, early retirement requirements could defer retirement until age 62 and at such date not be subject to an actuarial reduction.

Upon signing the Closure agreement with the Company (see attachment #11) it was the Company's position that workers must be actively employed at age 62 in order to retire without an actuarial reduction.

The workers were allowed to "self-pay" their Health and Welfare insurance benefits for one year at $36.00 per month. All workers age 55 and over who meet the early retirement qualifications were pressured into retirement within that year, in order to keep the Health and Welfare benefits, as they must retire while on the plan to continue the privilage of self-pay.

The Closure happened in November, December, and the final phaseout in January of 1980, in the beginning of the winter months. Unemployment benefits were $104.00 per week of a person filed claim prior to January 1980, and $130.00 if he waited.

The workers were refused trade adjustment assistance by the Economic Development Administration because it was determined that this location was not affected by imports.

The workers that were forced to move immediately had no choice but to leave their families behind with relatives. Others were able to get through the winter with savings and severance pay. Few have found jobs to date.

The unemployment has run out. The courts have decided recently that the Department [illegible] have the authority to interfere with the extension of State unemployment benefits by 39 weeks, [illegible] The [illegible] are entitled to an extension the courts are deciding what date this would be effective. In the meantime workers have no income. The workers are also no longer considered "unemployed" as they are no longer eligible for unemployment insurance.

It was announced that funds to help the "displaced" workers at McCloud were available. These funds are available for persons with management skills willing to hire workers and not to the workers willing to hire persons with management skills.

Jobs may be available in the future for the McCloud workers. These jobs will be mostly at minimum wage and slightly higher. Hardly enough to support an average American family of four, not enough to purchase a home, automobile or Health and Welfare insurance. This is far from the earnings and benefits that the workers' were able to obtain by their consitutional right to Assemble--their Union.

MOUNT SHASTA

On March 15, 1979, Kimberly-Clark Corporation announced the intent to sell the California Operation.(see attachment #1).

On July 31, 1980 the Company announced that (see attachment #1A) negotiations were completed for a sale to Roseburg Lumber Company.

The Union demanded to know if the Kimberly-Clark (K.C.) employees would be rehired by the successor Company. The K.C. Company said that only the assets were sold and that the New Company intended to continue normal operations.

[illegible] continued about the workers we demanded to meet on the effects of the closure on the workers. [illegible] (see #1A)

Pensions again became a major issue. The Company indicated that the Plan had suffered a "Partial Plan Termination", and that the workers would be notified about several options that would be available as to their pension benefits.

The Company also stated that the workers would be subject to an actuarial reduction in their Pension benefit. The Union is still in negotiations with the Company on Pensions.

The K. C. Company announced on September 12, 1979, that after the transaction was completed Roseburg Lumber intended to rehire former K. C. employees. (see #1A)

On the same date Roseburg Lumber Company, the successor, announced the possible start up date of the operation, and that it would look to formerly K. C. employees for rehiring (see 5A)

This was good news to the workers that were rehired, however; sadening to the many that were not rehired. For those that were not rehired we were not able to negotiate severance benefits.

Those employees who were rehired, were hired with loss of Seniority, no vacation benefits, and not necessarily on the same job. The Former K.C. management was responsible for all the rehiring. The National Labor Relations Act does not protect these workers.

One of the worst experiences was that of Mr. Pete Giorgis, a deaf-mute and 61 years of age. He started working at this operation 41 years ago as a sweeper. Pete worked his way up to a very qualified Trimmer Operator. He was rehired as a sweeper. Surely a blow to his self-pride. In November 1973, Pete reached age 62. He retired from the Kimberly-Clark Corporation with an approximate 24 percent reduction of his pension benefit. This was due to the fact that he was not working for the K. C. Corporation at Age 62, which would have allowed Pete to retire with full benefits.

The majority of the workers at the former Kimberly-Clark operation at Mount Shasta are now employed by Roseburg Lumber Company. The wages remained current with the Lumber Industry, however; the vacation benefits that took the workers years to obtain are no longer available. The workers must accumulate their years of service with the new employer, as they did with the former employer, in order to enjoy the same vacation benefits.

The Company has certainly benefited by mixing the skilled workers as their operation continues with maximum production. The workers and their families start again, accumulating their time, by putting in their hours of hard work, and pray that the rug is not pulled out from under them again by the runaway shops, the Tax subsidies making it profitable for Companies to move, and by management taking advantage of the Non-Union, low wage areas.

#1

August 21, 1975

Mr. William E. Butler
P. O. Box 10228
Eugene, Oregon 97401

Dear Bill:

I am writing this letter to you to endeavor to explain this Local Union's position in the disputes and grievances between the Union and U. S. Plywood here in McCloud.

As you know, there has been a situation here since August, 1974, where the lumber market has been in a slump. There has been considerable curtailments and lay-offs - some have been understandable and some definitely not.

During this time, there was a rash of combining jobs: sometimes two and three jobs to one man. When the Union protested this practice, the Company said "they were not interested in production as they were not selling the lumber anyway." They stated "they were just trying to keep the place running."

In the Spring the Company started pushing for production, but they refused to put employees back in key positions. We reminded them that this is a very spread out operation and in order to get out production, you must have employees available to do the jobs efficiently and smoothly. There have been numerous "bottlenecks" and work stoppages because of a shortage of maintenance employees. There has been a substantial cut in Millwrights and other maintenance personnel, and as you know, Bill, a large part of your maintenance work is preventative measures. Therefore, it is impossible for the maintenance crew to keep up with the necessary repair work to keep the operation running as it should without breakdowns.

The Company has brought in a lot of new Supervisors who are not familiar with the operation, and this has caused considerable problems. This appear unreasonable to us, especially when there were Supervisors available who have been here for years and know the operation from top to bottom.

There has been considerable talk about this Operation being shut down. Bill, the employees have been blamed for production being down, but it is not the employees - it is poor management! We are not trying to tell anyone how to run the Company. When you were Manager here, the employees liked and respected you, and had lots of confidence in the efficient way you managed the operation. They are wondering if you know just what is going on within this operation - if it puzzles you, as it does this Local Union, as to why production has dropped so much from the record years

of 1972, 1973, and the first six months of 1974.

Bill, it is real upsetting to us to see our people so unsatisfied, unhappy, angry and worried about the situation and production as it is now, when only a little over a year ago they were content with their jobs, happy and willing to get out good production, as their efforts seemed to be appreciated.

When you returned to the West Coast, the employees here were optomistic, as they knew that you know this operation, plus the fact you were always a man anyone could talk to.

About two weeks ago, before you and other U. S. Plywood officials came to McCloud, this Company began to clean up the operation. They gave away thousands of board feet of lumber to anyone and everyone who would haul it off in trucks, pickups, etc. to get is out of the way before you and the others arrived. The employees here were putting in hours and hours of overtime cleaning up the sawdust and debris which had accumulated over the past months when the Company refused to put on clean-up men. Bill, as you can well understand, the employees here are in an "uproar" because they were getting the blame for not producing lumber, when the Company could turn around and give away thousands of board feet of lumber.

I have enclosed herein, a number of pictures, showing the piles of lumber laying around the Plant, which was later given away, and also the deris laying around the operation, caused by lack of personnel. As you will note, the lumber was not stacked properly, left lying on the ground, causing it to warp and crack. Also, I am sending you pictures of some of the lumber which was given away - pictures were taken of lumber piled behind houses here in town. A considerable amount of this lumber went out of town, and we have no pictures of that lumber.

I hope I have been able to give you a clear picture of what has been happening within this operation - that the employees are not to blame for the conditions. The fault lies in the changes made by the Company, the curtailments, understaffing of key men on jobs, and shoddy management.

I have been wanting to write to you, or even get a chance to talk to you while you were down here, but I have never been able to contact you. I sincerely hope that the next time you are down, we will be able to sit down and have a talk, which I believe will be very beneficial to the Company and also to the men.

Bill, this Local Union realizes that due to the economic situation, or even in ordinary circumstances, that if we are to have a profitable operation (this Union is very concerned with this) it can only be obtained by the Company and this Local Union working hand in hand with mutual respect, by good honest negotiating, and good faith bargaining.

Most sincerely yours,
LOCAL UNION NO. 3-6, IWA-AFL-CIO

W. J. Murphy
Secretary-Treasurer & Business Agent

WJM:eb
Enclosures

A2

W. L. Butler
Vice President and General Manager

Western Manufacturing
P.O. Box 10229
Eugene, Oregon 97401
Telephone 503 687 4818

U.S. Plywood
Division of Champion International

August 26, 1975

Mr. W. J. Murphy
Secretary-Treasurer & Business Agent
Local Union No. 3-64, IWA-AFL-CIO
McCloud, California 96057

Dear Red:

Thank you for your letter dated August 21.

I am well aware of all of the various problems at McCloud during the past year. We have suffered through the worst slump in the lumber industry since World War II and we have been breaking in the new sawmill and completing the kiln and boiler projects. All of these things have caused curtailments and production disruptions.

Last summer we were forced to reduce production and lay off shifts simply because we could not sell our lumber production at any price, let alone at a profit. This problem continued through the winter season and we had similar problems at our other operations. The wood products industry throughout the country was affected at the same time. There was a slight improvement in the lumber business this spring, but market conditions are again poor and show no signs of getting better for the remainder of the year.

I recognize that changes are hard for people to accept, but we all must accept changes because they are inevitable. In business, you either change with the times in order to compete or you eventually fail - voluntarily or otherwise. There have been a great many changes at McCloud since 1968. The town was converted over to individual ownership. The planing mill was completely changed so that the lumber could be put on grade at the machines rather than at the car line. The box factory was phased out. The tray sorters were installed to eliminate the old slot sorter-drop stacker system. The tram lumber handling system was eliminated. The pond was eliminated and we went to dry log handling. Recently the new sawmill was built, the new kilns and [illegible] installed, and [illegible]

W. J. Murphy -2- August 26, 1975

boilers in order to meet the new air quality laws.

All of these changes affected jobs at McCloud and they were necessary in order to remain competitive. You may remember the large town crew that was employed by the company as they were represented as a sub local of your union. The changes in the planing mill eliminated the old moulding department and the large re-sort chain. This change, plus the move to the mitized loading of box cars, has completely changed the planing-shipping department manning. The tray sorter-stackers and the elimination of the tram yard were major changes affecting people and manning. The pond phase out was necessary because of water problems, the need for more species and size sorts, and the great increase in sinkers due to a smaller and smaller log size. This change in itself did not have much effect on total manning, but jobs were changed. The new sawmill has been in the planning since 1968 because it was recognized then that the size and quality of the timber available to us was changing and that we needed equipment to handle smaller and smaller material.

All of these changes have been accomplished through regular contract procedures. The union recognized that changes were going to happen and they represented the employees under the terms of the contract. Senior employees exercised their seniority to select preferred jobs.

The recent changes in manning have occurred while we had curtailment in the operation due to market conditions, and this has only compounded the personnel problems. This situation did not exist when the other changes took place.

My whole point here is that we must make changes in equipment, procedures, and manning in order to remain competitive. We must purchase timber at market prices and we must sell our lumber at market prices. In order to do this, we must keep our costs in line with other operators. You mention that the plant is spread out and this is true. This condition contributes to higher costs and we must minimize costs in every area that we can.

Four meetings were held very recently at McCloud in an effort to resolve the current and long standing disputes and grievances. Our company representatives went to the meetings in good faith in

an effort to resolve these grievances. At the most recent meeting we felt that substantial agreement had been reached and that you were going to take the proposed settlement to the membership.

It has been my experience that grievances are best resolved promptly and locally. If they are not, they only fester and continue to create problems and unhappiness. During the past year virtually no individual grievances have been fully resolved despite many meetings and a conciliatory effort on the part of the company.

We have been prepared to meet with the union to resolve problems at any time. Both of us must go to these meetings in an effort to resolve problems and not in an effort to simply maintain status quo.

The next time I am in McCloud, I will be happy to sit down and talk to you. Meantime, you should make every effort to talk to the local management, including Roy Bradshaw, and they can keep you posted on the situation.

For your information, we had an improved production month in July, and August is also going well. Both the band mill and the new sawmill are running much better. The planing mill volume is also picking up.

Our major concern at the present time is that the lumber market is again very weak. It never really did get good this year and currently prices are very depressed and orders hard to obtain.

It is our intention to operate at McCloud. We do not want to shut down. The only things that will shut us down are high costs that make us uncompetitive, or the inability to sell our products profitably. A reasonable and constructive attitude on your part will go a long way toward helping to solve our mutual problems.

Very truly yours,

W. E. Butler

WEB:DB

(#3)

Champion Building Products
Champion International Corporation

P.O. Box Drawer D
McCloud, California 96057

EMPLOYEE NOTICE

The McCloud Cutstock operation will be curtailed for an indefinite period at the end of the shift on Tuesday, June 19, 1979. This action is a result of market conditions and a significant drop in orders. The curtailment is being affected in an attempt to adjust to these negative economic conditions.

Job reassignments will be made pursuant to Article VII, Seniority, of the Plant Working Agreement, which allows senior employees to displace other employees who are junior in terms of plant seniority. Individuals exercising such seniority must possess the skill and ability to perform the required work.

As done in past curtailments, employees exercising their seniority must notify the department supervisor of their intent to bump and execute said bump at the beginning of the same shift the following day.

Sincerely,

Fuzz Baldi
California Area
Lumber Production Manager

June 18, 1979

cc: IWA Local 3-64

#4

International Woodworkers of America
Local 3-64, McCloud, California 96057
Affiliated with AFL-CIO
Telephone (916) [redacted] P.O. Box [redacted] 640
2175

June 18, 1979

CHAMPION BUILDING PRODUCTS
A Division of Champion International
P O Box D
McCloud, CA. 96057

RE: McCloud Cutstock Curtailment

Dear Doug,

This Local Union is in receipt of your letter dated June 18, 1979, notifying our members of the curtailment of the Cutstock operation at McCloud, CA.

We are demanding a meeting with the Company to discuss this part of the Plant closure and the effects of this closure.

Very truly yours,

Ralph A. Miranda,
Secy-Treas. & Bus. Agt.

RAM:ar

Delivered to Doug Cole 6-18-79 10:00 AM.
by Ralph Miranda.

McCloud cutstock plant shut down

Champion's cutstock plant in McCloud was shut down "indefinitely" Tuesday because of market conditions and the future of the sawmill is being studied "in view of the changing timber supply in Northern California."

The cutstock plant shutdown put 42 persons out of work as of the end of the day shift Tuesday, according to an announcement by David Waters, California area manager for Champion Building Products.

Waters called the move an "indefinite curtailment . . . as a result of market conditions and a significant drop in orders."

He said "the curtailment is an attempt to adjust to the negative economic conditions."

John Hanson, public relations manager in Portland, when asked about reports that the sawmill may be next to be curtailed, said the future operation of the sawmill is connected with the "changing timber supply in Northern California."

He explained that "we don't have any old growth (timber) left, and we're cutting "80 per cent small diameter stuff – second growth."

The diameter of the second growth timber is 12 to 20 inches, he said.

A multi-million dollar small log mill in McCloud especially designed to cut the smaller logs was a fiasco and was eventually shut down.

The inventory of logs that supplies the sawmill in McCloud is markedly low.

"We're adjusting to production," Hanson said.

He was not optimistic about the future of the building industry, citing a market forecast that housing starts are due to go down.

The cutstock plant has been producing cut parts for doors and windows, an operation dependent on new housing.

There were two shifts in operation in the cutstock plant in 1974 when the bottom dropped out of the lumber industry in northern California and the second shift was eliminated in August of that year. It was never put back on.

There were 782 employes at Champion's McCloud operation in August of 1974, before the slump hit and layoffs started.

By January of 1975 – five months later – there were only [illegible] employes.

With Tuesday's layoffs in the cutstock plant, Champion now has only 291 employes in the lumber operations, plus about 180 workers in logging and forestry operations in McCloud.

The curtailment will be based on seniority, which means "bumping" by the union members on the basis of seniority and ability.

Employes from the cutstock plant will move into other areas of the operation, taking the jobs of those with less seniority. These in turn will bump those below them, still based on ability, until those with the lowest seniority are left without jobs.

#6

International Woodworkers of America
Local 3-64, McCloud, California 96057
Affiliated with AFL-CIO
Telephone (916) 964-[illegible] 640

September 7, 1979

Mr. Doug Caley, Industrials Relations Mgr.
CHAMPION BUILDING PRODUCTS
A Division of Champion International
P O Box D
McCloud, CA. 96057

Dear Doug,

On June 18, 1979 this Local Union was notified that the McCloud Cutstock Operation would be curtailed for an indefinite period.

We demanded a meeting with the Company, which was held June 22, 1979 at the Company Office. At that time we were informed that this was not a Plant closure, rather; a curtailment to adjust to negative economic conditions.

The Company indicated the possibility of reopening the Cutstock Department and further indicated that this was not a step towards a permanent Plant shutdown, of the McCloud Operation.

Since that meeting the Company made public announcement that the Lumber Plant at McCloud may shutdown, and that the decision would be made before the end of this year.

This Local Union is demanding from Champion International a letter of definite explanation, of the intentions, at the McCloud Operations.

This demand is made so that as representatives of the employees, we can bargain intelligently.

Very truly yours,

Ralph A. Miranda,
Secy-Treas. & Bus. Agt.

RAM:ar

#1

Champion Building Products
Champion International Corporation

P.O. Box 2317
Redding, California 96001
Telephone 916 365 7601

September 11, 1979

Mr. Ralph Miranda
Business Representative
IWA Local No. 3-64
P.O. Box 640
McCloud, CA 96057

Dear Mr. Miranda:

This letter is intended to advise you that serious consideration is being given to permanent closure of the McCloud facility, exclusive of the company's McCloud Woods operations. We very much regret that it has come to this and would welcome an opportunity to meet and discuss the matter before making any decisions.

Before a decision is reached, we would certainly be willing to meet sometime in the near future to discuss with your organization the circumstances, as we see them, relative to possible permanent closure. We would also welcome any suggestions, questions, or other constructive input which you might have on the subject.

Sincerely,

Doug Caley

Doug Caley
Employee Relations Manager
California Area

Champion International Corporation

News

CHAMPION INTERNATIONAL CONSIDERING
CLOSURE OF McCLOUD SAWMILL

McCLOUD, Calif., Sept. 11--Champion International Corporation announced today that it is "considering seriously the phase out and closure of its sawmill here, due primarily to the changing character of the timber supply in the area."

William E. Butler, vice president of softwood plywood and lumber manufacturing for the company's Champion Building Products division, made the announcement to salaried employees that. "the company has been conducting a feasibility study of the McCloud operations for about one year. The study is part of an overall comprehensive review of our building materials plants," he noted.

The Champion official told employees that the McCloud sawmill was built at a time when large-diameter, high-quality, old-growth timber was plentiful and the mill's design reflected the raw material supply then available. With smaller-diameter, second growth timber now more prevalent, the mill is becoming increasingly handicapped in its ability to operate efficiently. "The second-growth timber actually is better suited for use at our plywood mill at Anderson," Butler stated.

The McCloud facility employs about 300 persons. It's annual production is in excess of 100 million board feet of softwood lumber.

(more)

Page--2
CHA Considering Closure of McCloud Sawmill

While the present sawmill began operations in 1914, lumber has been produced at McCloud since the late 1880's. Champion International Corporation acquired it in 1963. In 1974, the company completed a $3.5 million small-log sawmill at McCloud. The company closed that facility last year and began sending the logs to other plants in northern California primarily for the production of plywood.

The Champion Timberlands division manages the company's forest lands in California and is responsible for wood procurement for the McCloud mill. At the present time, Champion Timberlands employs over 100 persons. The division will continue logging operations in the McCloud area.

* * * * *

79WR25JKF

MEDIA CONTACT:
John K. Hanson
Sept. 11 through 13
(916) 964-2121 days -- McCloud, Calif.
(916) 241-8208 nights -- Redding, Calif.
After Sept. 13
(503) 255-6030 days -- Portland, Oregon
(503) 665-7901 nights -- Portland, Oregon

As a result of an in-depth feasibility study, Champion International Corporation is considering seriously the possibility of phasing out and closing its McCloud, Calif., softwood lumber sawmill.

Although the present mill opened in 1914, lumber has been produced at McCloud since the late 1880s. Champion acquired it in 1963 and it is operated by the Champion Building Products division. The sawmill was designed to utilize the large, high-quality, old growth timber that was prevalent in the McCloud area. Over the years, this timber, primarily Douglas fir and pine, has been harvested and processed at the McCloud mill and by other companies doing business in the vicinity. In place of the large, old growth logs, today's timberlands are producing smaller, second-growth trees, including a high proportion of white fir. White fir is more suitable for plywood production.

Recognizing the changing nature of the raw material available to it from Champion's lands, the company started up a small-diameter log sawmill at McCloud in 1974. Champion closed that mill in 1978 and since then has shipped the logs to other plants in northern California, primarily for plywood production. The company then began an intensive study of McCloud's overall operations, not only in terms of the mill's production capability and efficiency but also including its timber supply, the location and size of the markets served and transportation.

Champion officials also recognized that, as McCloud's major industrial employer, the mill has played an important role in the town's life since before the turn of the century.

Over the past two decades, the wood-based building materials industry has established a significant position in the southern United States. Fast growing southern pines are being utilized in a wide array of building products and, because of their relatively close geographic proximity, these southern mills are increasingly dominating the large eastern markets, taking advantage of the resulting lower shipping costs. To the north, Canadian lumber mills have been stepping up their shipments into the major midwestern markets, aided in part by the export advantage provided by a weakened Canadian dollar.

As a result of this "regionalization," older west coast mills are finding their markets for framing lumber are being squeezed down from the entire United States to primarily the western United States.

McCloud's old equipment, designed for high-quality, old growth logs, increasingly must process smaller diameter logs from company lands.

The mill is not efficient in processing small, low-quality logs. This material is utilized more economically in producing plywood.

During the past several years, the level of operations at the McCloud mill has been reduced. In June the mill's cutstock department was curtailed and, previously, other production elements have either been reduced or eliminated. At this time, there are about 300 persons employed at McCloud.

As part of its comprehensive study at McCloud, Champion officials have considered the possibility of selling the mill's assets, should a closure be required. However, in spite of news media stories and long-standing community interest about the mill's future, there have been no expressions of interest in the property by other companies or persons involved in the forest products industry.

Should a closure be determined, Champion would make every effort to locate a buyer for the property who would operate the mill.

The Champion Timberlands division manages the company's forest lands in California and is responsible for wood procurement for the McCloud mill. At the present time, Champion Timberlands employs over 100 persons. The division will continue logging operations in the McCloud area.

The company would continue to harvest trees for shipment to Anderson, providing wood fiber for that operation and providing better utilization of the available raw material.

The present McCloud mill opened in 1914, and has been virtually synonymous with the company town it created. Following Champion's

purchase of the plant in 1963, the houses were sold to employees and others and, over time, more employees were attracted who lived in neighboring towns. Additionally, some McCloud residents began working for other firms in different communities. More recently, McCloud has attracted an increasing number of retired persons as residents.

Some of the retirees had worked in McCloud or the surrounding area and decided to continue to live in the community upon retirement. Others, however, were attracted to McCloud from more populous parts of the State, away from the congested living conditions found in fast-growing metropolitan areas.

As a result, Champion employees no longer represent a majority of householders in the McCloud vicinity. At the present time there are just under 200 employees living in the town. Based on Siskiyou County records, the town's population totals 2,500. Champion employees at the McCloud mill acount for under 8 percent of the town's population. There were 750 households in the McCloud vicinity at the end of 1978. Of those, nearly 26 percent were represented by company employees. The company's employees, in addition to McCloud, also reside in Mt. Shasta, Dunsmuir and Weed, among the area's communities.

The McCloud mill includes a sawmill, lumber sorting facilities, dry kilns, lumber storage buildings, planing and shipping facilities and a steam plant. Its annual production totals in excess of 100 million board feet of softwood lumber including dimension lumber and boards.

67-746 O - 81 - 21

Champion International Corporation, as a result of a companion study of its Anderson plywood plant, announced in July an $11.4 million capacity expansion and modernization program. While the multimillion dollar program will not create additional jobs at the plywood plant, it does place the Anderson facility on an improved competitive footing and may provide future employment opportunities, after its start-up in mid-1980.

* * * * * * * *

#8

Champion Building Products
Champion International Corporation

P.O. Box 2217
Redding, California 96001
Telephone (916) 243-7131

September 21, 1979

Mr. Ralph Miranda
INA 3-64
P.O. Box 640
McCloud, California 96057

Dear Mr. Miranda:

Further to our previous correspondence, regretably we must inform you that the Company has decided to permanently close the McCloud Mill Operation. The anticipated schedule provides for the last logs to be sawn in late November with the closure completed during December.

We are, of course, available to meet at a mutually convenient time and place to discuss the effects of the closure.

Very truly yours,

Doug Caley

Doug Caley
Employee Relations Manager
California Area

Champion International Corporation

News

CHAMPION INTERNATIONAL ANNOUNCES
CLOSING OF McCLOUD SAWMILL

McCLOUD, Calif., Sept. 21--Champion International Corporation today said its McCloud sawmill employing approximately 300 people would be closed during the fourth quarter of this year.

Earlier this month the company had issued a statement saying it was "considering seriously" the closing. William E. Butler, vice president of softwood plywood and lumber manufacturing for the company's Champion Building Products division, and a former resident of McCloud and manager of the sawmill, said the last logs to be sawn have now been scheduled for late November. Once the logs are sawn, the lumber is processed and shipped. Butler said the closure would probably be completed during December.

Closing of the McCloud facility follows a year-long feasibility study of operations here. Butler said that the mills supply of old-growth timber is virtually depleted. The mill was built to use large-diameter, high-quality, old-growth timber, and that with the smaller-diameter, second growth timber now available, the mill could not be operated efficiently.

(more)

Efforts will be made by the company to help employees in locating other work, including contacts with other lumber and plywood plants in the area.

"In order to ameliorate the loss of jobs, we will meet soon with the California Employment Development Dept.; we will be talking with other forest products companies in the area; and we will be holding discussions with the International Woodworkers of America, AFL-CIO, Local 3-64, which is the official bargaining agent for production employees," Butler commented.

Some 100 employees of the Champion Timberlands division will continue logging operations on the company's timberlands in the area, with logs being shipped to its Anderson, California plywood plant.

Champion International acquired the McCloud sawmill in 1963. The company began operation of a small-log sawmill in 1974, hoping to be able to utilize second growth logs. However, this effort was not successful and the small-log mill was closed in 1978.

* * * *

79WR27JKH9/19

MEDIA CONTACT:
John K. Hanson
Sept. 21 through 25 -
(916) 964-2121 days--McCloud, Calif.
(916) 964-2646 nights --McCloud, Calif.
After Sept. 25
(503) 255-6030 --Portland, Oregon

#9

International Woodworkers of America
Local 3-36, McCloud, California 96057
Affiliated with AFL-CIO
Telephone (916) 964-[illegible], P.O. Box [illegible] 640
[illegible]

September 24, 1979

Mr. Doug Caley, Employee Relations Mgr.
CHAMPION BUILDING PRODUCTS
A Division of Champion International
P O Box D
McCloud, CA. 96057

Dear Doug,

We are in receipt of your letter dated September 21, 1979, and News Bulletin announcing the permanent closure of the McCloud Sawmill.

This letter will act as proper notice demanding our rights to meet and bargain on the effects of the closure on bargaining unit employees.

In order that we may bargain intelligently we must have the following information:

1. A li t by Seniority with hire dates of the effected employees.

2. A list of the effected employees prior to the curtailment in the Cutstock Dept.

3. Copies of all pension plan documents and copies of all documents filed by the plan with the U. S. Dept of Labor, (Annual reports and plan descriptions).

As mentioned in your letter, we understand the Company is available to meet at a mutually agreed time and place.

Mr. Leonard Palmer, Vice-President of the I.W.A., W.S.R.C. #3, will be assisting this Local on closure negotiations and will schedule such meetings with Mr. John Fenton.

Very truly yours,

Ralph A. Miranda

Ralph A. Miranda,
Secy-Treas. & Bus. Agt.

RAM:ar
cc:Leonard Palmer

MEETING WITH CHAMPION INTERNATIONAL
10-5-79

COMPANY, DAVE WATERS, JOHN FENTON AND DOUG CALDY

UNION, LEONARD PALMER, RALPH MIRANDA, ANGELO DEL GALLO, GENE SIEK, JAMES THOMPSON AND PAUL AIELLO

Exhibit #10

1. Pensions

Palmer -- (a) Reduce no reduction of accured benefits at 60

Fenton -- No
Law says -- Waver 1977 agreement -- a clause was negotiated.
This concludes and precludes on any subject. (This is basically a wavier on right to bargain)
Agreement anticipates the fact that closure may occur.
Such as Holidays -- what happens-- we are not unreasonable people
we have an unusual situation in McCloud.

Palmer -- Were not here to play games - we both know what each other can do - let's get on with it.
We have large number of people will not find work.
This was a Company town at one time.
Approximately 1968 -- deal was made for employees to buy homes-- now what the hell are they going to do.
A young man is really stuck with a large house payment.
The employment problem forces the movement of employees, would Champion be willing to buy the homes.

Fenton -- This goes on before -- I am going to avoid the question -- NO

Palmer -- Health and Welfare -- we would like the self pay privelage.

Fenton -- If records show that employees are laid- off he will be entitled to 14 months of benefits. the record must be coded as such - Lay-Off.

Palmer -- Vacations -- entitled to vacations earned in 1979

Fenton -- employee who suffers the Plant closure is entitled to vesting 5 yrs service. Section 4.7 of agreement - vesting- 4.4 Lumber Industry service.

Caucus by Co.

Palmer -- You have approximately 200 employees - about reciprosity- I would like to tell man if you have 5 yrs or more in service and you go to a reciprocal Company - 5 Yrs should be counted as credited service.

Fenton -- Persons would have to ask that new Company.

Palmer -- Committee members are vested -- discussion reduction actuarilly - Section 5.2 (b) nothing here about having to retire. If I am now 6/yrs and I turn 62 yrs old after shutdown do I have an actural reduction?

Fenton -- NO

Palmer -- Other words if I am 59 and I wait until 62 to retire I am not subject to actuarial reduction.

Fenton -- that's correct. 5.2 b-12 Benefit reduced by (read it to us)

#11

MEMORANDUM OF AGREEMENT

between

International Woodworkers of America,
Local 3-64 (hereinafter the "Union")

and

Champion Building Products, McCloud Operation,
a division of Champion International Corporation
(hereinafter the "Company")

WHEREAS the parties hereto are parties to a Collective Bargaining Agreement covering certain employees at the Company's McCloud, California Sawmill, Planer and related operations, and;

WHEREAS the Company has decided to permanently close the Sawmill Plant on or about November 21,1979, and related operations sometime thereafter, and;

WHEREAS the Union and the Company desire to conclude a final and binding agreement with respect to the effects of the permanent plant closure on the employees thereby directly effected;

NOW, THEREFORE, The Company and the Union enter into the following agreement:

1. PENSIONS

(a) The terms of the current Pension Plan pertaining to vesting upon permanent plant closure shall apply.

2. SEVERANCE PAY

(a) Presently active employees terminating through no fault of their own, as a result of the permanent plant closure, who remain in active employment until released by the Company and who do not elect to have their name placed on a preferential hiring consideration list, shall be entitled to severance pay based upon continuous credited Plant seniority list service as follows:

Full Years of Service	Severance
- Less than Two	-0-
- Two or more but less than Four years	$300.00
- Four or more but less than Six years	$500.00
- Six or more but less than Eight years	$750.00
- Eight or more but less than Eleven years	$1,000.00
- Eleven or more but less than Fifteen years	$1,250.00
- Fifteen years or more	$1,500.00

(b) Attached hereto as Exhibit A and incorporated herein by reference is the Plant seniority list referred to above.

(c) Employees electing to receive severance pay terminate the employment relationship and the Company has no further obligations of any kind to them except those owed to a person as a former employee.

(d) Employees who elect to have their name placed on the preferential hiring consideration list in lieu of severance pay, who are rehired and thereafter terminate employment during their thirty day probationary period, shall be entitled to severance pay based upon the above formula.

(e) Employees who elect to have their name placed on the preferential hiring consideration list may also elect to have their name removed from said list thereafter, for a period up to November 30, 1980, at which time they shall be entitled to severance pay based upon the above formula.

(f) Severance pay shall be computed on the basis of service at the time active employment ceases and payment therefore shall constitute full settlement of all Company obligations except those which might be owed to an individual as a former employee.

(g) The Company shall provide forms which shall be used by employees to indicate the elections they have made. Failure to return these forms to the Company Personnel Office by 5 P.M., November 9, 1979 shall result in the automatic election of severance pay.

3. PREFERENTIAL HIRING CONSIDERATION LIST

(a) In lieu of severance pay, a terminating employee may elect to have his name placed upon a Company preferential hiring consideration list for a period of one year ending November 30, 1980. This list shall cover Company owned and operated mills in Oregon, Washington, California, and Montana.

(b) Employees who opt for the one year preferential hiring consideration list may revoke it at any time up until November 30, 1980 and accept severance pay thereby terminating all Company obligations except those owed to an individual as a former employee.

(c) If a former employee has not taken permanent employment with the Company by November 30, 1980, he will receive severance pay at that time based upon the above schedule.

4. VACATIONS

(a) Employees who have earned vacation credit during the vacation base year ending May 31, 1979 thereby entitling them to vacation pay, shall receive such vacation pay at the rate in effect on June 1, 1979 for their regularly assigned job classification as of the date of their termination. Vacations earned during the 1979/1980 vacation base year shall be paid in accordance with the Collective Bargaining Agreement.

(b) Solely and exclusively for the purpose of calculating credited service for vacations, if an employee is rehired from the preferential hiring consideration list, he shall be given credit at that location for total uninterrupted McCloud Plant Seniority.

5. HOLIDAYS

(a) Employees terminating as a result of the plant closure shall be entitled to holiday pay pursuant to Article VI (B) 8 of the Working Agreement.

(b) Employees rehired from the preferential hiring consideration list shall be entitled to pay for the "floating holidays" provided for in the Working Agreement if they are rehired after the days have been observed. In no event shall there be a duplication of holiday pay for floating holidays. Moreover, the thirty one (31) days of employment eligibility requirement shall be waived.

6. HEALTH AND WELFARE

(a) For the sole purpose of reporting to the Nelson Trust, the expression "terminated" shall mean laid-off.

7. UNEMPLOYMENT INSURANCE

(a) Employees terminating as a result of the Plant closure shall be reported as terminating through no fault of their own.

8. SENIORITY LISTS

(a) It is understood and agreed that all Seniority provisions of the present Collective Bargaining Agreement pertaining to layoffs (or curtailments) are hereby waived, and no employee whose job terminates as a result of the Plant closure shall have "bumping rights" in either his department, or any other department; except, however, employees in the same job classification and on the same shift shall be terminated based upon the least senior in Plant Seniority being the first to be curtailed.

ACCEPTED and AGREED TO this 26 day of August 1979.

FOR IWA LOCAL 3-64

By: [signature]

By: [signature]

FOR CHAMPION BUILDING PRODUCTS, McCLOUD OPERATION

By: David Waters

By: [signature]

KIMBERLY-CLARK CORPORATION #1-A

STATEMENT REGARDING KIMBERLY-CLARK CORPORATION'S NORTHERN CALIFORNIA PROPERTIES

On March 15, 1979, Kimberly-Clark Corporation issued the attached press release regarding the possible sale of its California Forest Products Business Division.

A general description of the assets of this division as it appears on page 21 of Kimberly-Clark Corporation's 1978 Supplemental Data report is as follows:

Unit Name: California Forest Products Business Division

Reports to: Executive Vice President

Headquarters: Anderson, Calif.

Major Product Class: Newsprint, Pulp and Forest Products

This division manages 223,000 acres of forestland, two sawmills and one remanufacturing operation.

Sales. Lumber from the sawmills is sold to customers throughout the United States but major markets are in the West and Southwest.

The remanufacturing operation produces molding, millwork and building components. These are distributed through wholesalers and to manufacturers for use in construction markets.

Wood Sources. The sawmills obtained 71 percent of their sawtimber from division forestland. The balance came from cutting rights purchased from private owners and the U.S. Forest Service. Timber is also sold to noncompany-owned mills.

Energy. Primary sources are wood residue from the sawmills and purchased electricity. The burning of wood residue produces steam used for process heat and for generating 25 percent of the electrical requirements. Wood residue fuel in reserve is adequate for six days' operation.

Employment. On December 31, 1978, the division had 883 employees.

Major Markets/Customer Served	Principal Products
Residential and nonresidential construction	Lumber; millwork; unfinished and prepainted moldings; other building components
Pulp	Wood chips

Production Facilities	Production Employees	Approximate Capacity**	Principal Products
Anderson, Calif.	480	200 MMF/shift*	Softwood lumber; millwork; unfinished and prepainted molding; other building components; wood chips
Mt. Shasta, Calif.	80	120 MMF/shift*	Softwood lumber, wood chips

*MMF - Thousand board feet
**Per eight-hour shift.

It is believed that the land in this division is one of the largest privately held blocks of timberland in northern California.

No broker or agent has been or will be engaged to represent Kimberly-Clark in this transaction, and the company will not deal with agents for undisclosed principals.

The company will make available to qualified interested parties a detailed prospectus covering the division on March 23, 1979. Qualification for receipt of the prospectus includes evidence of financial ability to handle the transaction valued substantially in excess of $200 million. Inquiries may be directed to William R. Ransom, Senior Staff Vice President, Kimberly-Clark Corporation, P.O. Box 687, Anderson, Calif. 96007, Telephone (916) 365-7681.

July 31, 1979

#2-A

Kimberly-Clark Corporation and the Roseburg Lumber Company of Roseburg, Oregon announced today that they had completed negotiations and signed a definitive agreement for Kimberly-Clark's sale to Roseburg Lumber of the assets of Kimberly-Clark's California Forest Products Business Division headquartered at Anderson, California.

Subject to the fulfillment of certain prior conditions it is expected that the transaction could be finalized by as early as September 17, 1979. Details of the agreement including the price will not be disclosed until the transaction has been completed.

William R. Ransom, Senior Staff Vice President of Kimberly-Clark said that the principal assets of K-C's California unit consist of approximately 323,000 acres of timberland in Northern California and sawmills at Anderson and Mt. Shasta.

Kenneth W. Ford, President of Roseburg Lumber Company said that after the transaction is complete his company intended to continue normal operations of the California unit.

International Woodworkers of America #3-A
Local 3-64, McCloud, California 96057
Affiliated with AFL-CIO
Telephone (916) 964-[illegible] P. O. Box [illegible] 640
[illegible]

September 13, 1979

Mr. Hank Mims, Personnel Mgr.
KIMBERLY CLARK-SHASTA DIVISION
P O Box 697
Anderson, CA. 96007

Dear Hank,

This Local Union was informed by your telephone call on September 6th, 1979 that all employees at the Mt Shasta Kimberly Clark Mill would be on layoff status on September 7, 1979 and terminated on September 17, 1979.

Kimberly Clark had indicated that Roseburg Lumber plans to continue the operation with the same employee's following a short layoff for inventory purposes however nothing has been made definite by Kimberly Clark Management.

It has also informed this Local Union that the termination of the 17th of Sept. also included the Management of Kimberly Clark, Mt Shasta operation.

IWA Local 3-64 demands that Kimberly Clark Corporation meet and bargain on effect of closure on bargaining unit Employee's.

We demand a list of effected employee's and further demand the names of representives that will be handling this negotiation for Kimberly Clark.

This meeting should include unsettled grivances as agreed at the Sept. 10, 1979 meeting.

We are prepared to meet on any date.

Very truly yours,

Ralph. A. Miranda,
Secy-Treas. & Bus. Agt.

RAM:ar

AH-1

news bulletin

September 12, 1979

NOTICE TO ALL HOURLY EMPLOYES

Kenneth W. Ford, President of Roseburg Lumber Company said that after the transaction is complete his company intended to continue normal operations of the California unit. Roseburg would expect to look to present Kimberly-Clark employes in their initial rehiring to staff the plant. Toward this end, Roseburg is in the process of developing their hiring programs and procedures and those will be communicated to you by Roseburg Lumber.

Be sure our Kimberly-Clark Personnel Department has your current mailing address and telephone number.

W. R. Ransom
Division Vice President and
General Manager

cc: V. Craig
R. Miranda

Remove: 9/17/79

ROSEBURG
LUMBER CO.

A5-A

NOTICE TO ALL HOURLY EMPLOYEES

SEPTEMBER 12, 1979

WE WANT YOU TO KNOW THAT ROSEBURG LUMBER CO. WILL MAKE EVERY EFFORT TO START THE SAWMILL ON OCTOBER 1, 1979.

BEGINNING SEPTEMBER 19, 1979, WE WILL START RECEIVING APPLICATIONS AND INTERVIEWING PRESENT KIMBERLY-CLARK EMPLOYEES.

WE URGE YOU TO MAKE CERTAIN THE PERSONNEL DEPARTMENT HAS YOUR CURRENT MAILING ADDRESS AND TELEPHONE NUMBER.

KENNETH W. FORD
PRESIDENT

Kenneth W. Ford

STATEMENT OF RALPH MIRANDA, SECRETARY-TREASURER, INTERNATIONAL WOODWORKERS OF AMERICA, LOCAL 3-64, McCLOUD, CALIF.

Mr. MIRANDA. Right. I've had two plant closures. First of all, my name is Ralph Miranda. I'm the financial secretary and business agent for the International Woodworkers in McCloud, Calif. We've had two plant closures in 1979—or I should back up and say one plant closure and one sale of a mill to a new employer. The effects of that are almost the same. So with that I'll start, Mr. Clay.

On August 21, 1979, our local wrote a letter to the vice president and general manager of Champion International. We asked questions about the rumors of a permanent shutdown, and also about some of the changes that were being made in the McCloud operations. We also suggested management do something about the considerable waste that was going on, and about the cuts that they had made in the maintenance.

The company responded. The company mentioned building a small log mill there in the area, which gave the community some hope. In their letter they concluded by saying that the company intended to operate at McCloud, and that the high cost and the inability to sell products profitably were the only things that would shut the operation down.

On June 18, of 1979, the company posted notice that the Cutstock operation would be curtailed for an indefinite period, and that it would be curtailed on the following day.

We demanded our rights, to bargain on the effects of the closure. The company indicated that this was not a plant closure, or steps toward a permanent plant closure, but only a curtailment of 42 workers for a period to adjust to negative economic conditions. As a result, the union was not successful in negotiating severance benefits for the 42 workers.

Newspaper articles, such as the one I've attached to my testimony, about the future of the McCloud operation, said that the McCloud operation was being studied. The articles indicated the possibility of a decision to permanently close the mill that could be made by the end of 1979.

We demanded in a letter an explanation of the intentions of the McCloud operation.

On September 11, we received the letter and news release, and an information sheet the company called white paper. The company pointed out that serious consideration was being given to permanently closing the McCloud operation, and the company welcomed suggestions and constructive input from the union.

The union suggested that if a decision to permanently close was going to be made, to close it in March or April of 1980, so that the workers could have a better chance to find a job, and it would be easier to move during the good weather rather than the winter months. A suggestion was also made that if the company was going to sell the mill to a competitor, it should let the industry know that the mill was on the market.

The white paper mentions that the company officials recognize that the mill is a major industry, is the major industrial employer in the town. The paper concludes with a consolidation of misleading facts,

such as that McCloud mill employees account for 8 percent of the town's population, and that 26 percent of the homes in McCloud were represented by company employees.

The paper is correct in stating that employees also reside in other surrounding communities, but it fails to point out that the families of the workers and the businesses in the area also suffered losses as a result of the closure. If the families and persons suffering as a direct result of the closure were to be counted as persons affected by the closure, the numbers would be far greater than 8 percent or 26 percent.

On September 21, the company announced the closing of the McCloud sawmill due to depleted supply of old growth timber.

We bargained on the effects of the closure, and met with the company on October 5.

One major point of concern to us was that of pensions. Discussions at the meeting about actuarial reductions were in our favor. It was agreed that a worker meeting the pension plan early retirement requirements could defer retirement until age 62, and at such date not be subject to an actuarial reduction.

Upon signing the closure agreement with the company, it was the company's position that workers must be actively employed at age 62 in order to retire without an actuarial reduction.

The workers were allowed to "self-pay" their health and welfare insurance benefits for 1 year at $35 per month. All the workers age 55 and over who met the early retirement qualifications were pressured into retirement within that year in order to keep their health and welfare benefits, as they must retire while on the plan to continue the privilege of self-paying.

The closure happened in November, December, and the final phase-out was in January 1980, in the beginning of the winter months.

Unemployment benefits were $104 per week if a person filed a claim prior to January 1980, and $120 if he waited.

The workers were refused trade adjustment assistance by the Economic Development Administration because it was determined that this location was not affected by imports.

The workers that were forced to move immediately had no choice but to leave their families behind with relatives. Others were able to get through the winter with savings and the severance pay that was negotiated. Few have found jobs to date.

The unemployment has run out. The courts have recently decided that the Department of Labor does not have the authority to interfere with the extension of State unemployment benefits by 13 weeks. However, now the workers are entitled to the extension, the courts are deciding what date this would be effective.

In the meantime, the workers have no income. The workers are also no longer considered unemployed, as they are no longer eligible for unemployment insurance.

It was announced that the funds to help the displaced workers at McCloud were available. These funds are available for persons with management skills, willing to hire the workers, and not to the workers willing to hire persons with management skills.

Jobs may be available in the future for McCloud workers. These jobs will be mostly at minimum wage and slightly higher. Hardly

67-786 O - 81 - 22

enough to support an average American family of four, not enough to purchase a home, automobile, or health insurance. This is far from the earnings and benefits that the workers were able to obtain by their constitutional right to assemble, and that is their union.

On March 15, 1979, Kimberly-Clark Corp. announced the intent to sell the California operation.

On July 31, 1980, the company announced that negotiating was completed for the sale to Roseburg Lumber.

The union demanded to know if the Kimberly-Clark employees would be rehired by the successor company. The Kimberly-Clark Co. said that only the assets were sold, and the new company intended to continue normal operations.

Since nothing was negotiated about the workers, we demanded to meet on the effects of the closure. Pensions again became a major issue.

The company indicated that the pension plan had suffered a partial plan termination, and that the workers would be notified about several options that would be available as to their pensions. The company also stated that the workers would be subject to an actuarial reduction in their pension benefits. Their union is still in negotiations with the company on pensions.

Kimberly-Clark announced, on September 12, 1979, that after the transaction was completed, Roseburg Lumber intended to hire former K–C employees. On the same date, Roseburg Lumber Co., the successor, announced a possible startup date of the operation, and it would look to former K–C employees for hiring. This was good news to the workers that were rehired; however, saddening to the many that were not rehired. For those that were not rehired, we were not able to negotiate any severance benefits.

Those employees who were rehired were hired with loss of seniority, no vacation benefits, and not necessarily on the same job. The former Kimberly-Clark management was responsible for all the rehiring. The National Labor Relations Act does not protect these workers.

One of the worst experiences was that of Mr. Pete Giorgis, a deaf-mute and 61 years of age. He started working at this operation 41 years ago as a sweeper. Pete worked his way up to a very qualified trimmer operator. He was rehired as a sweeper by the new company, surely a blow to his self-pride. In November 1979, Pete reached age 62. He retired from the Kimberly-Clark Corp. with an approximate 24-percent reduction in his pension benefits. This was due to the fact that he was not working for Kimberly-Clark Corp. at age 62, which would have allowed him to retire with full benefits.

The majority of the workers at the former Kimberly-Clark operation at Mount Shasta are now employed by Roseburg Lumber Co. The wages remained current with the lumber industry; however, the vacation benefits that took the workers years to obtain are no longer available. The workers must accumulate the years of service with the new employer as they did with the former employer in order to enjoy the same vacation benefits.

The company has certainly benefited by rehiring the skilled workers as their operation continues with maximum production. The workers and their families start again, accumulating their time, by putting in

their hours of hard work, and pray that the rug is not pulled out from under them again by the runaway shops, the tax subsidies making it profitable for companies to move, and by management taking advantage of the nonunion, low wage areas.

I'd like to thank you for letting me testify here before the committee, Mr. Williams, Mr. Clay.

Mr. CLAY. Thank you.

Mr. Johnson, in your statement you say that in June of this year, the IWA cosponsored a conference on plant closings, and you indicated that at the conference you learned how U.S. tax policy encourages plant closings. Would you elaborate on that for us?

Mr. JOHNSON. OK.

Mr. CLAY. On page 2 of your statement.

Mr. JOHNSON. Right. Is it associated with the decision? Is that what you are referring to?

Mr. CLAY. I'm asking about the conference that you held on plant closings.

Mr. JOHNSON. Oh, OK.

Mr. CLAY. It described how profits and investments are shifted overseas and to other areas of the country. It said, "We looked at the effects of concentration, the communications revolution and the U.S. tax policy that encourages plant closings."

Mr. JOHNSON. Well, because of the tax concessions, I imagine that is the situation that develops, is that—this discount tax, the money is not taxed until the money comes back into the country, as an investment.

So, exports under certain circumstances develop income to these companies; they have invested it overseas, and the money isn't taxed. If in turn it was done the other way, normal to how we understand business, then that money would be taxed and there would be tax money coming back into the economy.

Mr. CLAY. Mr. Miranda, when you are talking about McCloud, you said that you discussed—or the management told you that—well, you discussed the waste and cut in maintenance with management. What was their response to that?

Mr. MIRANDA. In their letter they responded that—the letter was about the grievances that hadn't been resolved, and also the union mentioned some—some waste and some cuts in maintenances they had that management was making that we felt were not necessary in order to keep the operation going efficiently.

Management said that a reasonable response on the union's part, and a reasonable effort by the workers would go a long ways.

Mr. CLAY. Mr. Williams?

Mr. WILLIAMS. Thank you.

Mr. Johnson, are you concerned that this law, the National Employment Priorities Act, could represent an inappropriate intervention into the collective bargaining system.

Mr. JOHNSON. Well, I think that any law that would interfere with the collective bargaining system would be one that we would want to take a very close look at. But there's a question of whether, in the absence of contractual provisions within any labor agreement, that a law to attempt to protect the rights of workers would be—I wouldn't be concerned about that.

One of the problems that exists time and time again when a plant closure takes place, in the absence of provisions within the labor contract, you have no means really to effectively bargain a plant closure, your proposition. The employer just says, "Well, we will bargain with you," and you sit there and talk, and nothing really comes out of it.

So I am not that much concerned about the legislation, or the proposed legislation, in that respect at all. I think that there's more to it than just how it affects organized labor.

Organized labor does not represent the majority of the working men and women in this country. There is a greater need even yet for legislation to protect them, because they don't have a union to represent them in any way.

I think that traditionally, the labor movement has not only been concerned about seeing legislation effected that helps organized labor and the workers that we represent, but also is concerned with the fact that there are many millions of people out there who do not have the benefit of a trade union to represent them.

Mr. WILLIAMS. How long have you held your present position with IWA?

Mr. JOHNSON. 1973.

Mr. WILLIAMS. And of course, you were with the union before then?

Mr. JOHNSON. Yes; for the full time, for 23 years.

Mr. WILLIAMS. You've dealt, then, with these—have you been in Oregon that whole time, sir?

Mr. JOHNSON. No; I haven't. I've been in Oregon for 13 years.

Mr. WILLIAMS. Thirteen years. You've dealt, then, with companies, the major companies in this area, and you know their mentality with regard to issues such as the issue we're dealing with here today.

Let me ask you, give me your judgment as to why they refused to come to this hearing.

Mr. JOHNSON. My first response, quickly, to that would be, they would see legislation of this kind as interfering with their rights to operate within the society that they have recognized to be their domain.

They would probably suggest that it's more Government intervention and interference, and that they must have the freedom to operate and make these kinds of corporate decisions without legislation.

Mr. WILLIAMS. Organized labor, in the beginning and I suppose ever since, has moved into areas through the bargaining procedure that industry has always considered was their domain.

Mr. JOHNSON. That's correct.

Mr. WILLIAMS. When you move into a new area at the end of a contract period, and you open up a new contract area—a few years ago pensions—did industry simply refuse to come to the bargaining table as they have refused to come to the witness table here today?

Mr. JOHNSON. No, because the law requires them to come to the bargaining table.

Mr. WILLIAMS. Do they refuse to talk with you about those issues, though?

Mr. JOHNSON. They'd say—well, they have said that they won't talk about it, but that is the strike issue, issues of that kind. New propositions that would in turn take away what they considered to be their management rights.

The labor movement, and our contracts that we enjoy today, have been—we haven't received some of those greater benefits easily. They've always been with strife, and the workers have paid a price in order to win those things.

I believe that there are still much of management within our society that would wish that we would just go away and not return. And I think that it's been that way ever since the beginning, and that the enlightened employer is still hard to find.

Mr. WILLIAMS. Thank you, Mr. Johnson.

Mr. CLAY. Thank you.

Edie?

Ms. BAUM. No.

Mr. CLAY. Well, we certainly want to thank you for your testimony.

Mr. JOHNSON. Thank you very much, Mr. Clay, Mr. Williams.

Mr. CLAY. The next witness will be Robert Kennedy, president of the Oregon AFL–CIO.

The REPORTER. Mr. Clay, we need to take a break.

Mr. CLAY. OK. The committee will recess for approximately 10 minutes.

[The subcommittee hearing was recessed at 11 a.m.; it was reconvened at 11:10 a.m.]

Mr. CLAY. The hearing will come to order.

Our next witness is Robert Kennedy, president of the Oregon AFL–CIO.

Welcome to the committee hearing.

Mr. KENNEDY. Welcome to Oregon, Mr. Chairman, committee members.

Mr. CLAY. Mr. Kennedy, your entire statement will be included in the record at this point, and we would appreciate your summarizing it.

Mr. KENNEDY. I thank you.

[Prepared testimony of R. G. "Bob" Kennedy follows:]

Prepared Testimony By R. G. "Bob" Kennedy, President, Oregon, AFL-CIO

There are two basic approaches available to the working men and women of this nation in dealing with the critical problem of plant closures and layoffs. One is through the collective bargaining agreement; the second is the legislative and political approach.

The first approach is not broad enough. It would affect only approximately 20 percent of the work force, because that is the percentage of workers in unions. Furthermore, many unions have not negotiated "plant closure" provisions in their agreements.

We are here today to talk about the latter approach - the Ford-Riegle Bill, or the National Employment Priorities Act.

In the State of Oregon we will be introducing into the 1981 legislature a bill which we are calling "The Employment Stabilization Act of 1981" which has some of the same ideas as national legislation to curb the same problems. It is imperative we gain national legislation.

Before getting into a discussion of the economic effects of being out of work, let us discuss briefly the adverse physiological effects of being out of work. Studies bear out the fact that unemployment literally makes you sick. A recent report presented to the Joint Committee on Economics of the U.S. Congress concluded "A 1 percent increase in unemployment over six years has been associated with an increase in 36,887 deaths, including 20,240 from heart ailments, 920 suicides, 640 homicides, 4,227 state mental hospital admissions and 3,340 state prison admissions".

The shut-down and layoff situation in Oregon is equally depressing. Given the current economic situation in our state, legislative action on the National

Employment Priorities Act, or the Employment Stabilization Act of 1981 for the State of Oregon, could not be more timely. As a Commissioner for the State's Economic Development Commission, I am given constant up-dates on the layoff and plant closure situation in the lumber and wood products industry. In Oregon 39.8 percent of all jobs are forest products related. This doesn't include transportation equipment manufacturing and repair, manufacturing and repair of parts of wood and paper products handling equipment, merchants, and other services used by these employees in their respective towns. Therefore, the figure is considerably higher than the one just quoted, which came from the Research Section of the Oregon Department of Economic Development.

The latest figures provided by the Research and Statistics section of the State of Oregon's Employment Division show that 144 plants in the State of Oregon have been affected by either a layoff or a closure. In raw numbers, that means in this particular industrial category the week of July 13-19, 1980, 10,033 Oregonians were out of work. Keep in mind that this is only for one industrial category. Also keep in mind that Oregon has only a little over 1 percent of the U. S. population. In June of 1980 the unemployment rate figure for Oregon, which here is not seasonally adjusted, was 8.8 percent. This represents an increase from 8.3 percent in May of 1980. In raw numbers in June 1980, 112,800 Oregonians were not working.

The unemployment rate for the United States for the month of June was 7.8 percent. In light of these statistics, it would seem that legislative action to curb the plant closure and layoff situation in the State of Oregon, and in the nation, would be imperative.

To bring the problem a little closer to home for the Committee members, especially Congressman Weaver, by our computations from the published figures, there is an 11 percent unemployment rate in his District. I am convinced it is higher. Research done by the National AFL-CIO led them to believe the actual

unemployment rate is now 3 percent higher than the published figures. Many times persons have used all of their unemployment benefits and are no longer counted by government agencies. Another group has quit calling on government agencies for jobs because they are discouraged and feel they should not use their meager resources, which they need for necessities, to look for non-existent jobs.

I am now convinced the AFL-CIO figures are true, because we are experiencing a greater number of unemployed here in Oregon than the published figures indicate. July 1979 compared to July 1980 numbers of Oregon AFL-CIO per capita paying members showed a 12.85 percent loss. Actually this figure is light because we did not figure in an 11 percent increase in our membership during this same period. Published figures are deceivingly low.

The Labor movement in the State of Oregon is not unique in attempting to enact this type of legislation. The states of Maine and Wisconsin have already adopted Plant Closure legislation. The states of Ohio, Illinois, Connecticut, Massachusetts, Michigan, New Jersey, New York and Pennsylvania have introduced similar measures in their respective legislatures. The State AFL-CIO organizations in the states mentioned have been contacted and we will be able to provide the Committee with copies of Plant Closure legislation being enacted and being considered in other states as soon as they become available.

The philosophy underlying our proposed legislation clearly points to the fact that unemployment which results from shutdowns, layoffs, sales, relocations, or other forms of closure, is a social rather than an individual problem, and requires a response from all of society. Just as Workers' Compensation helped workers cope with on-the-job injury at the turn of the century during a period of rapid industrialization, or just as unemployment insurance lessened the impact of being out of work on both workers and the nation during the Great Depression of the 1930's, so too is there a very real and pressing need for

Plant Closure legislation. This will not be the first attempt in Oregon to enact Plant Closure legislation. Senate Bill 729, sponsored by Oregon State Senator Ted Kulongoski, had its first reading in the Oregon Senate on March 9, 1979. Senate Bill 729 was the predecessor of our proposed bill, and contained many of the issues which we are addressing here today. Our 1981 Act is a refinement of this original attempt at legislating solutions and represents many hours of individual effort on the part of members of organized labor and interested community groups in the State of Oregon.

We will not attempt a comprehensive review of the bill today, due to its length and since your mission here is for national legislation. I want you to know the Oregon AFL-CIO fully supports national effort for protection of our workers. We are not opposed to trade, but we must process our raw materials and then ship finished products - lumber, not logs - cereals, not wheat - the list could go on and on. I am not sure that Plant Closure legislation alone will solve the problem. As an illustration, Log Export has had separate consideration, but just as important are how we regard tax status of multi-national employers, tariffs in any form, and how we continue to allow abuses of the Overseas Private Industry Corporation. I am referring to a recent article in the AFL-CIO News concerning companies moving overseas, then sending their total production back to the United States, with none of the product being used by those who produced it.

The "Notice Requirement", "Economic Impact Statement", "Investigation by Secretary of Labor", "Application for Assistance", "Assistance to Eligible Employees", "Right to Training" and "Job Placement and Retraining" portions of the bill, to be really successful, in my mind will have to have action taken on the above issues. A multi-national now can close a plant, sell to the employees, go to a developing country with low wages, produce products and send them back into the United States. The American cannot compete under

the present structure.

Very positive provisions are the "Benefits Available to Employees of Firms which Terminate or Transfer Operations": 1) transfer, 2) receive relocation expense, 3) Health and Welfare Benefit coverage, 4) severance pay, 5) pensions. These are items which are costly and if required may force an employer to upgrade his facility rather than move, thereby eliminating the crisis for the employees, community and governments.

"Tempered Federal Procurement" provides that employees or employee/community groups who purchase firms which would otherwise close or relocate shall be given priority consideration for purchases made by the federal government. This is extremely important, as the original owner usually keeps his customers and the new owners will need a good customer to help them get established.

Let me conclude by saying that providing advance notification of an impending shutdown, investigation of the reasons for the curtailment of the operations, determination of the economic and social impact in such a situation, providing for compensation to employees and communities, public services and technical assistance being made available to those adversely affected by layoffs and closures, giving employees equal opportunity to own and operate a facility which has been shut down, along with the necessary penalties to put teeth into the law, are all an integral and important part of the bill. Of course this legislation should not be regarded as the final solution to our problems. This will only come when there are enough jobs for everyone; however, with the so-called "acceptable" unemployment rate moving ever upward, it is naive to assume that relief will be immediate if we wait for this to happen. The National Employment Priorities Act fits in with the long history of support that labor has had for progressive social legislation. Workers' Compensation of the early 1900's, Unemployment Insurance and Labor Law of the 1930's, Occupational

Safety and Health Laws of the 1970's, and now legislation to deal with Plant Closures and Layoffs in the 1980's, is an idea whose time has come. With high interest rates, proportionate declines in tax revenues at various levels of government, and the inevitable decline in the quality of life in our nation, the people of Oregon and the nation should insist that their elective representatives move in a positive manner to solve these problems. Indeed, as pointed out earlier, the members of this Committee represent a very large segment of those persons who are out of work. The Congress and the Oregon Legislature can play a vital role in fulfilling the needs of its unemployed constituents with favorable consideration of the National Employment Priorities Act and the other issues I have discussed today.

Thank you very much.

NGK:jz
opeiu #11
afl-cio
August 1980

STATEMENT OF R. G. "BOB" KENNEDY, PRESIDENT, OREGON AFL-CIO

Mr. KENNEDY. For the record, my address is 530 Center Street, No. 210, Salem, Oreg., 97301, phone, area code 503-585-6320.

I'll try and address a couple questions that were asked earlier of the other witnesses.

In Oregon, forest-related jobs are 39.8 percent. This comes from the department of ecnomic development, of which I am also one of the seven commissioners.

Mr. WILLIAMS. Sir, is that—If I may interrupt, Mr. Chairman?

Mr. CLAY. Yes.

Mr. WILLIAMS. Is that 39 percent of the total jobs, or 39 percent of the manufacturing jobs?

Mr. KENNEDY. This excludes agriculture, and we're talking about manufacturing.

Mr. WILLIAMS. All right. Thank you.

Mr. KENNEDY. I might also state that it does not include, shall we say, such things as truck manufacturing and truck trailers and those types of things, which are related.

We in Oregon do have a very aggressive economic development commission—I should say department—and I want to just briefly address one of the things that have already been talked about, in Burns, for instance—that situation where the employer has 30 percent of the total work force in the county, and we, as commissioners, were discussing this very issue last time.

We feel sort of frustrated, because the department cannot move ahead on this because of the fact that the employer will not say what they're going to do. And they say, "Well, first of the year we'll make a decision." Well, in turn then, we have a department that has a good staff that is attempting to locate companies in this State, and they can't proceed on that because of the fact that the employer is not going to tell them.

Dealing with some of those employers, I would—and I'm going to state what I think, that what they feel is possibly that it's an infringement upon their rights, and they just see this as another area of regulation.

Now, we, as I stated earlier, are trying to do something. We realize that laws for States alone are not sufficient, and it's a national type problem, because, for instance, in this case, we have a—revenue bonds, we have lagging area tax credits.

What we mean by that, if there is a company that will locate in this State in an area where there's high unemployment, they automatically get a tax credit. We have training programs which are free to the employer, to train the new employees in his operation.

We have, as it's been stated earlier, I think, about some of the firms locating in the State, electronics. They call them high technology. Possibly they are, but they are low pay as compared with the types of industry that are already here, and what we've already had.

Another area I want to call to the attention of the committee is that when we're talking about the published figures on unemployment, the national AFL-CIO has stated that they figure it's at least 3 per-

cent higher than the published figures, and Oregon is running considerably higher than the national level at 8.8 percent. That was for June.

Now, with regard—and so I know that, and I'm becoming more convinced that the study was correct, the national study the AFL-CIO made, because as far as the Oregon AFL-CIO is concerned, from July 1979 through July 1980, we are experiencing a 12.8-percent unemployment drop, or I should say a drop in per capita tax, because that's exactly what it is.

But that does not include an 11-percent increase in new affiliates that we have picked up during that period of time.

Mr. CLAY. What does the AFL-CIO place the unemployment rate at?

Mr. KENNEDY. Well, as I stated, it was 12.5 percent. And that's a little over 4 percentage points higher than the published figure for the State of Oregon, which is 8.8.

Mr. CLAY. So you're contending that it's 12.8, or in excess——

Mr. KENNEDY. Yes.

Mr. CLAY. And your figures, I note, are based on people whose unemployment compensation has run out and they stopped seeking Government assistance in getting jobs. Did you also have a factor in there for those who are employed in a part-time capacity?

Mr. KENNEDY. Well, those, for instance, we could have persons that are—and various unions have different ways that they collect dues, and so if a person does pay full dues, then that is all we were going by. And some of those people could be working a 3-day week or a 4-day week, and would still pay full dues. So they would not show up as unemployed. So the partially unemployed are not reflected in those figures.

Mr. CLAY. So the figure may be even higher than what you have projected?

Mr. KENNEDY. That's correct. That's what I said, that we also have had new affiliates during that period of time, which we didn't even adjust those figures for that.

So, it is obvious that they—well, the reason I say this is because over here in one county, we have about 25-percent unemployment. And like I said, it varies from county to county, and up on the north end, why, it hasn't been as bad up there as it has downstate.

One of the things that I, as a commissioner for the economic development commission, get concerned about, we've had persons, for instance—one that has been stated earlier, the Oakridge situation—where the employees wanted to buy that, and they came in and talked with us about that.

There was consideration for this. However, then there was a fire at the mill, and that took care of the problem.

Now there are set-asides for smaller companies that have 500 or fewer employees, that are Federal timber set-aside sales for those situations, and that's where some of the bigger employers don't qualify, so you see, possibly they might close a mill, whereas a smaller number could come in and make the thing operate.

But one of the things that I see that really bothers me. I had the, I guess it's good fortune, of having lunch with Assistant Secretary of

State Holbrook—it's been quite some time back—and he was very elated as to how well our trade with Japan, for instance, had improved, and he said, well, tenfold is our increase in the beef shipments, processed beef to Japan.

Well, I don't care about numbers; all I want to know is how many tons are we talking about? Well, it had improved from 1,000 tons to 10,000 tons.

Well, that's a drop in the bucket for, you know, the amount of beef that we should ship to a country like that.

And then he was talking about citrus, we have an improvement there of fourfold. That doesn't mean a whole lot, either, because, again, the amounts were very low.

I just think that if I had—I know for a fact that if I had done a lousy negotiation with the people that I used to represent—because I used to represent the machinists' union—that I negotiated that poorly for them, I wouldn't be around. I wouldn't be here today, because they wouldn't put up with it, and I think that our Nation has not had the best negotiator for us.

There's always been things with regard to multinational corporations. For instance, when they are making more money, and this was published in the Wall Street Journal a little while back, about a company operating in 29 countries around the world.

Our dollar had been devalued twice, very close together, at that time. It was very disturbing. But the gentleman, the president of finance, had made more money for this company by shifting finances from country to country, rather than—borrowing money cheap rather than pay on high loans over here. And it made more for the company than it had made in the products and services they had been producing.

But it gets to be further than that, and as it stated, I think that we have to be quite concerned. I have compassion for developing nations, but on the other hand, I cannot buy the idea that we allow abuses of the overseas by private industry corporations.

For instance, this thing came out in the National AFL-CIO News, which called that to my attention, and we have to block out some of those loopholes, as I see it.

Mr. CLAY. You mentioned in your statement the tariffs and the tariff policy, and the tax structure. Could you elaborate a little more on that tax structure for the multinationals?

Mr. KENNEDY. Well, one of the things that was a very unpopular situation here in the State of Oregon, we are highly opposed to sales taxes, and here Congressman Ullman had come up with the idea of a value-added tax. Well, one of the features in that was that it was going to add on another 10-percent border tax to whatever tariffs there may be.

Well, that would have increased those by 10 percent. A lot of the areas, for instance, they weren't aware of all the other things. Sales taxes. We don't like sales taxes. We won't buy that.

Well, I think that would have closed the door and clamped it down a little bit tighter. As has been stated earlier by Mr. Johnson.

For instance, we just begin to wonder about a company that says, well, look, they had an antiquated plant here, and so if we build a new one someplace else, especially overseas, the wage rates are extremely

low; there's no risk of being involved, because if they nationalize, or if there's a civil strike, or whatever, they don't lose anything.

I would love something like that. Every time I go to Reno and I make an investment and I lose, why nobody comes to bail me out; and I just think that with—and I have no quarrel with, and I'm a strong supporter of private industry, but I think that here's times when we have to have some control if there happen to be abuses of the people that, in the final analysis, are taking care of the problem.

With regard to the bill, there's some things in there that I see that are extremely positive, and I think that maybe that will help to close the door, and make an employer think twice about possibly relocating someplace else if he's faced with saying: "Well, golly, we're going to have to pay the pensions, and some of these other things to keep these people—make them whole," shall we say, for a period of time.

I'm not a financial wizard. I don't know exactly, it seems that would help. Actually, only time will tell, should it become law.

Mr. CLAY. Mr. Williams?

Mr. WILLIAMS. No questions, Mr. Chairman.

Mr. CLAY. We certainly want to thank you, Mr. Kennedy, for your testimony.

Mr. KENNEDY. Well, I want to thank the committee for coming to Oregon. Thank you.

Mr. CLAY. Thank you.

Our next witness is John Altucker, representing the Association of Oregon Industries.

Welcome to the committee.

Mr. ALTUCKER. Good morning.

Mr. CLAY. Your entire statement will be included in the record. We would appreciate a summary if you could give it to us.

Mr. ALTUCKER. Fine. I have a summary of the Associated Oregon Industries testimony, and my secretary is typing the summary of mine, and will have it to you before the day's over.

Mr. CLAY. All right.

STATEMENT OF JOHN ALTUCKER, REPRESENTING ASSOCIATION OF OREGON INDUSTRIES

Mr. ALTUCKER. I am John Altucker. I'm the owner and manager of several small construction-oriented firms in Oregon and California; and sitting here this morning, I think I can understand why Georgia Pacific was reluctant to come and be battered about. But I'm a big man, I guess I'm willing to be battered about, so take your best shot.

Mr. CLAY. Who's been battering whom today?

Mr. ALTUCKER. Well, I thought the testimony to date—a lot of people were making some statements and some assumptions on some of the thinking that might have gone into some of Georgia' Pacific's decisions that I know weren't correct, and—

Mr. CLAY. Well, then, Georgia Pacific should have been here to speak for Georgia Pacific; is that correct?

Mr. ALTUCKER. That probably would have helped, but my point that I am——

Mr. CLAY. Are you speaking for Georgia Pacific this morning?

Mr. ALTUCKER. No.

Mr. CLAY. OK.

Mr. ALTUCKER. They are a member of AOI, however.

I would like to submit the text of the Associated Oregon Industries testimony, which was prepared by Mr. Karl Frederick. Karl is the employee benefits director for Associated Oregon Industries. They represent some 2,400 private businesses and firms employing more than 50 percent of the private work force in the State of Oregon.

[Prepared statement referred to above follows:]

PREPARED STATEMENT OF KARL FREDERICK, EMPLOYE BENEFITS DIRECTOR, ASSOCIATED OREGON INDUSTRIES

My name is Karl Frederick. I am Employe Benefits Director for Associated Oregon Industries, 1149 Court St. N.E., Salem, Oregon. Associated Oregon Industries represents some 2,400 private businesses and firms employing more than 50 percent of the private work force in the State of Oregon.

Perhaps it would be helpful to the committee if I related the sequence of events leading to the actual plant closure involving an Oregon firm. After I have done that, I would like to comment briefly on what effect plant closure laws—specifically H.R. 5040—would have had on the closure if it had in fact been the law at the time.

Would the firm have been able to comply with the law? Would the administrative process required by the law have prevented the closure in that particular instance? Also, would the parties involved—employer, workers and the community—have been any better off if the law had been in effect?

The firm I am talking about is the Westfir Division of the Edward Hines Lumber Company, which completely shut down its operations in Westfir, Oregon, in August of 1977. The plant was built in 1923 and had two or three owners prior to being purchased by the Edward Hines Company in August of 1945. It had its peak employment in the early fifties and was a sawmill, plywood and logging operation. The highest number of workers was 600, which dropped off somewhat after modernizing the facilities after that period. At the time of closure there were about 400 workers in the operation at Westfir.

The Edward Hines Lumber Company owned no timber in the area and depended solely on U.S. Forest Service timber and whatever private timber or stumpage was available. But its primary source of raw material was Federal timber, which suddenly became scarce in the late spring and summer of 1977. The source of timber became so critical that the management at Westfir notified the union leadership on June 2, 1977, that there might be a possible closure in the near future. Conditions did not improve over the next couple of weeks, plus the long term outlook for an adequate supply of Federal timber was not good. On June 27, 1977, the Board of Directors of the Edward Hines Company made the decision to close the operation and sell the facilities.

The plywood plant was physically closed on August 8, 1977, and the sawmill was closed 15 days later. I don't have the precise sequence of events, but the facility was purchased ultimately and operated as a plywood plant and planing mill for a short period of time. Most of the original workers chose to stay with the successor owners, although all were advised they would not lose seniority if they wanted to work for other Edward Hines Lumber Company plants at Hines or John Day, Oregon. A limited few workers took that route.

The subsequent owners of the Westfir operation were not successful in the operation. There were two fires at the location, and the plywood plant ultimately went broke. I do not have the precise dates of the ultimate demise of the operation, but it is not a going concern at this time.

If H.R. 5040 had been in effect at the time, would the Edward Hines Lumber Company have been able to comply with the law, specifically with respect to the 18-month prenotification of closure? Absolutely not! Karl Wester, the comptroller of the Westfir Division and the person who provided me with the information I have related, said that one year prior to August of 1977 the firm was in good shape. There were no problems in acquiring timber, and the market was relatively sound. As a matter of fact, as late as May of 1977—just three months before

the closure—an order had been placed for some equipment to improve the plywood operation. Then, as I related, their source of raw materials dried up. Incidentally, this was not unique to the Edword Hines Lumber Company, as at least two other firms in the area also went under for the same reason.

Also, it wouldn't have done any good to have gone through the administrative machinations outlined in the legislation. As Mr. Wester advised me when I described the process in the proposed legislation to him: He said, "How could we have operated a plywood plant or sawmill without a source of our basic raw material—namely, logs?"

Mr. Wester also stated: "It is most difficult in our industry to predict the precise state of the economy, our future market and Congressional action affecting our industry two years or even one year ahead of time."

Our own Oregon legislature would testify to the veracity of that statement. Last year there was a budget surplus at the state level, and just two short weeks ago the Oregon Legislature was forced to meet in special session to resolve the problems arising out of a budget short-fall exceeding two hundred million dollars.

There is an evolutionary nature in our economy—the fact is that plants, products and businesses have a life cycle. Changes as dramatic as we are seeing in consumer preferences, in government policies and in the financial markets, simply make some plants and products obsolete. Restricting business mobility, as the measure under discussion today does, will not alter the realities of these very general phenomena any more than restrictions can overcome the specific reasons plants close.

Plants close for a variety of reasons. No one single factor can be pointed to as the precipitating reason, although loss of raw materials in the Edward Hines case might be an exception. But usually a culmination of problems will cause a plant closing or relocation. These factors can include unaffordable energy costs; a shortage of capital to comply with government regulations in a cost-effective manner; a shortage of capital for research and development of new products—the very essence of business survival; declines in productivity; tax rates; the availability of a skilled work force; lack of markets—both domestic and foreign; changes in market locations; transportation costs; new technologies replacing old technologies; deteriorating facilities and community changes.

Whatever the reason, most plants will evolve until such time as they die or are completely transformed to meet new realities. The assumption that most plant closings are not based on sound economic decisions is simply not correct. The vast majority of plant closings occur only after the most conscientious study, only after every effort has been made to continue the facility in whole or in part, only after evaluations indicate that unacceptable losses will continue or other factors are present which prevent continuation of operations.

I feel that Audrey Freedman of CB Public Affairs caught the essence of our philosophy in a recent article on plant closure legislation, wherein she stated:

"Decisions to reduce or to relocate business operations are made in a competitive world with constantly shifting relative advantages. These shifts include the level and the location of demand for raw materials—as well as of finished products; the relative tax burdens; the relative costs of inputs such as raw materials, labor, and energy; the competitive adrenalin level in the company and the industry. The vitality of our economic system is based on a flexible response to such market signals. Consequently, our social programs have been centered on sustaining income while allowing job change and employment shifts to take place. In the U.S. we have encouraged mobility of labor, rather than subsidizing and stabilizing employees in one place, one technology, one industry, and one occupation for life. It seems unlikely that public opinion will support measures to ossify present industrial structures, subsidize the less efficient, and allocate jobs."

I will conclude by voicing a hearty "amen" to the last sentence of Ms. Freedman's analysis. We urge this committee to reject plant closure legislation and focus its efforts on developing policies that will foster the stability and growth of the U.S. economy—namely, policies that will foster the "job generation" process.

Mr. ALTUCKER. That's the end of the Associated Oregon Industries testimony, and I've been asked by them to make a few remarks on my own behalf.

67-746 O - 91 - 23

I think their testimony showed, or they tried to show, several examples where business's decisions depend on such rapidly changing conditions that the proposed legislation would be difficult, if not impossible, to administer.

I don't have time, and you don't either, to have me go through the 61 pages of that bill sentence by sentence and give you all of the negative effects it would have on a business like my own, but I think there may be an easier way, and I'd like to try it from this angle.

In my viewpoint, all business activities in our country are made up of a voluntary association of the investors, managers, and of workers. And I say voluntary. There are some small activities where one person plays more than—he plays a role in several of those categories, but in most activities of any size, there are several people, or a lot of people, on each one of those levels.

Now, each one of the people in the joint venture, as I have visualized it, makes the contributions that they're capable of, and they run certain risks; they assume certain risks.

And I say this is a voluntary thing, because if they don't like what they are getting, they are free to move out. And I might comment that I heard some of the testimony that—of the very bad things that happened to workers when a plant closes. Some of those very same bad things happen to investors when people are living on a fixed income, hoping for or accustomed to receiving a certain income due to their investment, and that fails.

I think the number of people that jump off bridges or contemplate suicide are probably roughly the same, whether they're an investor or worker; and I know, as a manager, that there are trials and tribulations that I sometimes have to suffer, the same kinds of emotional distress that I've heard some of you people describe.

My point is that it does take three people—the investors, the managers, and the workers. And it's not unique that there is a risk assumed by each. That has always been this way, and I think it always will be.

Now, this system has worked well to accomplish the fundamental underlying purpose of our economic system, and as I see that, the purpose of our economic system is to provide the goods and services that our society needs, offer things they need at a price that society can afford to pay, and to do this with a minimum possible adverse impact upon the social, political, and economic freedom of all the other citizens who are not involved, or directly involved in the particular activity under consideration. And I repeat that there is risk involved to all three groups who are involved in business activity.

Now, I suspect that if this bill were aimed at decreasing the risk of investors in America, or decreasing the security of the managers of America, that it might get short shift in Congress.

It just happens that this particular bill is aimed at reducing the risk of one-third of the people involved in business activity. It's intended to reduce the risk of workers under certain circumstances. But I put to you that it does this at the expense of the investors, at the expense of the managers, and at the expense of the consumers, because let me describe to you——

Mr. CLAY. Let me interrupt. Have you read this bill?

Mr. ALTUCKER. Yes, I have, all 61 pages.

Mr. CLAY. Doesn't this bill attempt to give assistance and relief to the company as well as the employee?

Mr. ALTUCKER. Yes, it does, and I was going to touch upon that a little later, but I'll move to that point now, with your permission.

If the Government steps in to help a concern that is out of gear with the marketplace, then that's the reason for a plant closure. Then the competitors of that concern, including the investors and managers and the workers in that concern, are then being treated unfairly, because the Government is now stepping in to help a group.

I think Chrysler is a good example of that. We are now moving in to make up—the Government is now stepping in to make up for some mistakes that were made, both by investors and by managers.

Mr. CLAY. Don't you believe that this Government has a responsibility to protect the interests of the working people?

Mr. ALTUCKER. They certainly do.

Mr. CLAY. As well as the investments of those in competing corporations?

Mr. ALTUCKER. They certainly do.

Mr. CLAY. And do you realize what would have happened to this Nation if Chrysler went under? Whether they made mistakes or not?

Mr. ALTUCKER. What would have happened?

Mr. CLAY. Well, I think the economy would have collapsed much more than it has already. It's one of the top 10 largest manufacturing companies in this country, employing millions of people. Think of the devastating effects, or the ripple effects on those who are not only directly hired by Chrysler, but those who work in related industries, dependent on Chrysler.

I don't think we did McDonnell Douglas Aircraft an injustice when we loaned Lockheed money to keep that company with its head above water.

Mr. ALTUCKER. I'm not sure the investors——

Mr. CLAY. I do think that we're doing the American public an injustice when we enact the kinds of tax policies that give excessive preferential treatment to large corporations in this country and enable them to pay no taxes whatsoever. I could name for you some of the corporations that paid virtually no taxes last year, McDonnell Douglas Aircraft, General Electric, Ford Motor, Bethlehem Steel. Now, when——

Mr. ALTUCKER. You are speaking of income taxes?

Mr. CLAY. Yes, I'm speaking of income taxes. What other kinds of taxes? That's what I pay.

Mr. ALTUCKER. Well, real property taxes are a factor in some businesses, too.

Mr. CLAY. But the law says that they should pay at least 48 percent income taxes, and they pay none. Now, they're either evading the law, or something's wrong with the law, if the law says that the least amount that they can pay is 48 percent and they end up paying none. Something's wrong.

Mr. ALTUCKER. Well, maybe this gets off the subject, but my particular company is not going to pay any income taxes this year. We're primarily construction-oriented, and we're going to lose money this year.

Mr. CLAY. On paper. Otherwise, we would have a plant closure here. Your company would go out of business if you continued to lose money. Those are paper losses that we're talking about.

Mr. ALTUCKER. No.

Mr. CLAY. The companies are declaring the largest dividends in the history of this Nation. They're claiming that they're losing money. Ford Motor Co., McDonnell Douglas Aircraft, have declared the largest dividends in their history; yet they pay no taxes because they have paper losses.

But let's get back to this bill. Let me ask you a question.

Mr. ALTUCKER. I hope that my losses this year turn out to be paper only.

Mr. CLAY. You'll go out of business if you continue to lose dollars.

Mr. ALTUCKER. We have already adopted the policy of putting money into the company, new money into the company, to keep it running and to keep key personnel on the payroll until things get better, hopefully next year.

Mr. CLAY. You're representing, you said, 2,400 employers; more than 50 percent of the private work force in the State of Oregon?

Mr. ALTUCKER. Yes.

Mr. CLAY. What's the average size of the companies that you represent?

Mr. ALTUCKER. Well, averages are a little difficult to—if you take the total number of companies and divide them by the number of employees, then that's one way to get an average. It's undefined.

But Associated Oregon Industries represents an awful lot of small businesses that only have four or five people employed.

Mr. CLAY. And do you feel that your business interests are compatible with the business interests of giant corporations in this country?

Mr. ALTUCKER. Yes; I do.

Mr. CLAY. In what way? They're the ones that are ripping off the society.

Mr. ALTUCKER. Well, I have found this out: That whenever I can produce goods or products at a lower cost than my competition, I grow.

Mr. CLAY. What kind of business are you in?

Mr. ALTUCKER. I'm in the construction business. We produce construction materials and we bid competitively on public works projects and private construction work, primarily engineering-type waterfront work, dams, highways, and that sort of thing.

Mr. CLAY. Tell me about the last statement that you read, attributed to this Karl Frederick. He said: "We urge this committee to reject plant closure and focus on developing policies that will foster stability and growth of the U.S. economy—namely, policies that will foster the job generation process." I'm not familiar with that term.

Mr. ALTUCKER. Well, job generation requires—the first step of any activity, any business activity, requires an investment.

Mr. CLAY. Of capital, or manpower, or——

Mr. ALTUCKER. Capital, manpower.

Mr. CLAY. Energy?

Mr. ALTUCKER. Time, energy.

Mr. CLAY. Human energy?

Mr. ALTUCKER. Human energy, time.

Mr. CLAY. So you're talking about investment of both labor and capital?

Mr. ALTUCKER. Right.

Mr. CLAY. Yes.

Mr. ALTUCKER. But capital comes first. And it doesn't——

Mr. CLAY. Why? Without workers, what the hell do you do with your capital?

Mr. ALTUCKER. Well, I suppose that I could float a stock issue, and if I went to the public and said: "I have all these good workers who know how to do this particular process, but I don't have any money"—Would you invest in that kind of company, or would you rather invest in one that said: "I have this amount of capital aside to buy equipment and plant with, and the workers are available?"

Mr. CLAY. Who's going to deliver the equipment?

Mr. ALTUCKER. Someone to whom I have to pay money.

Mr. CLAY. Workers?

[Mr. Altucker nods.]

Mr. CLAY. OK.

Mr. ALTUCKER. Well, I don't think you and I are in any difference. I think the sequence, normally, of forming a company, and to get a business operation going, is to first raise some money, capital. Maybe that's wrong, but that's the way it normally has worked.

And so, capital must be raised. Now, would you invest in a company today that would only pay you, say 5-percent interest on your investment?

Mr. CLAY. I think the Government ought to limit the amount of money a person can earn on his investment, and that's part of the problem with our economy today—excessive profit. That's my—you asked for my personal opinion.

Mr. ALTUCKER. You and I keep getting off the subject on a very interesting discussion.

Let me continue just very briefly so I don't take all the time.

Mr. CLAY. One second. Congressman Williams has a few questions.

Mr. WILLIAMS. Mr. Altucker, first let me thank you for agreeing to my request to move up on the witness list. I'll tell you the reason I made that request is that I've been somewhat critical, both in Montana on Monday and here this morning, of the industrial firms that refused our invitation to appear here, so when I saw your name, and the fact that you were representing the Association of Oregon Industries, and given the fact that my plane leaves in about 40 minutes, I asked. And so, let me thank you for that, and I apologize for interrupting again, but I wanted to make a point with you.

This legislation is not new, brand new, nor is there a rush to judgment within the Congress about this legislation. We're trying to proceed cautiously, carefully and prudently.

But to do that, we need full input from both proponents and the opponents of the legislation. I think you made some valid points here. I'm going to take your testimony home with me and read it again, show it to my staff, visit with the committee staff and the chairman about it again.

We differ—you know, everyone in this country has different views—and the chairman and I have somewhat different views about this legislation. He's convinced as to its need; he's a co-sponsor of it, and I understand that. I understand his concern about the problem, and I understand his thoughts that this legislation answers that problem. I'm not yet convinced that the precise wording of this legislation is the way to go.

But my point to you, and to industry that isn't here is this: If we don't discuss this in an open public forum, with input from Oregonians, Montanans and other people in this country, including industry, then we are not going to come up with the best legislation possible.

Maybe we should come up with no legislation; maybe we should come up with precisely this legislation. But if we shortcut the congressional process of open discussion, then we are less likely to come up with the appropriate legislation.

And so it's on that basis, only, that I'm critical of industry for not appearing here, and again, thank you for appearing.

Mr. CLAY. Will the gentleman yield?

Mr. WILLIAMS. Yes.

Mr. CLAY. In reference to the point about us not rushing through this legislation, this is the fourth Congress in which this bill has been introduced, and we have had several hearings with hundreds of witnesses. So there's no effort to steamroll the legislation through the Congress.

What we would like to come up with is the best piece of legislation that we can, that would protect the interests of all three of the elements that you spoke of earlier.

Let me ask you—I'm sorry, you were explaining the job process, the job generation process.

Mr. ALTUCKER. Well, it requires an investment first, usually financially. And then it requires—that financial investment is usually, in my particular type of business, in equipment and tools.

And if—I'm not one who says that the reason that the United States productivity is declining is because the American laborer is lazy and isn't doing a good job. The reason that productivity is declining is because we're unable to save enough money, investmentwise, to provide them the tools that they need, and if I can give them better equipment, we can produce more per man-hour.

But the tax laws, I don't know what they are for Georgia Pacific—I think they're the same as mine—but the tax laws are such now that I can't keep up. Thank you, sir, for your comments.

Mr. WILLIAMS. Thank you very much, sir.

Mr. ALTUCKER. As I see it, the investment starts, you provide the very best tools that you can. And America is losing. We're not—we're like in 13th place among the developed nations of the world, and in the percentage of our gross national product that is being plowed back into better tools and better facilities; and for that reason, we're down in about 10th or 11th place on productivity per man-hour. For many, many years, we were the front on the cutting edge; we led the world.

We can't do that anymore, and that hurts us. It hurts the very people we're trying to help, because—we're almost out of the steel

business in the United States today because it's cheaper to make steel in Belgium, or Japan, or Sweden, or somewhere else than it is here. So, there's an urgent need in the Nation today for investment.

It's my own personal opinion that in the last 25 or 30 years, that our laws and our Congress have not—have allowed the investment end of it to kind of be off in the eddy, not in the mainstream. And I think it needs immediate attention, now. I don't know of the exact form that that should be, but I believe that we should encourage investment in every way that we can at this point in history.

Now, there are two things that—I'll get off my point and just ad-lib here. There are two points I'd like to make.

One of them is that if this bill passes in its present form, it's my opinion that the long-term adverse costs to the very people that we hope to help will be higher than their short-term gain, of the cost to society. And let's look at that this way, from the standpoint that one way to reduce risk being to buy insurance, and the more risk that you want to eliminate, the higher the premium you have to pay. I think we can all understand that.

This bill attempts to reduce the risk to a particular group of Americans under a particular set of circumstances, and that's got to cost. In my company, it would cost this way: That——

Mr. CLAY. You mean costs in terms of dollars?

Mr. ALTUCKER. Cost in terms of dollars.

If I look at the potential criminal liability that I personally might inadvertently come upon under the terms of this bill, I'd have to set up some sort of escrow, some sort of reserve. If I had to give 2 years' notice to my employees if I were to move a plant, or to reduce a goods or service productivity in a particular area, and that was going to cost some additional money to carry it through, then I'd have to add that money to the cost. Now——

Mr. CLAY. Very few of the companies that you represent would have to give 2 years' notice. If it's 100 or less.

Mr. ALTUCKER. Yes, well, 6 months.

Mr. CLAY. You would only have to give 6 months' notice.

Mr. ALTUCKER. That's true, but 6 months, in my business, is a lifetime.

Mr. CLAY. Yes; but during the process, hopefully the Government would be sitting there to perhaps keep you from going under.

Mr. ALTUCKER. I understand that.

Mr. CLAY. And give some assistance.

Mr. ALTUCKER. That leads me to my next point. Either I am going to have to put that reserve in a pot somewhere where it's available, or the Government is going to have to. Someone is going to have to insure against that loss. And the money is going to come from the same place; it's going to come from the consumer.

Mr. CLAY. It's going to come from the risk capital that you talked about at the beginning. Don't you think there should be some risk involved with investment——

Mr. ALTUCKER. Sure, there should.

Mr. CLAY [continuing]. Capital?

Mr. ALTUCKER. Yes.

Mr. CLAY. That's where it should come from. For years, you've made profit after profit off of that. During hard times, don't you think you

should plow some of that profit back to those people who helped you to make that profit?

Mr. ALTUCKER. That's exactly what we're doing this year. But a company——

Mr. CLAY. But you're not going out of business. This legislation deals with plants that are closing.

Mr. ALTUCKER. All right.

Mr. CLAY. If you're vital and healthy, the legislation doesn't affect you.

Mr. ALTUCKER. Yes, but the employers in this area, right here in Eugene, Oreg., there are several major construction companies that are going out of business this year. And you can see it's due to poor management. Maybe they haven't, you know, managed as well as some of the others have.

Mr. CLAY. I agree with your statement that it's due to a combination—or the statement of Mr. Frederick—a combination, a whole list of things. But let me ask you this: Don't you think that this Government has the responsibility and the obligation to provide employment for its people?

You have 13 million people walking the streets of this country unemployed. Where is our obligation, our responsibility to those 13 million people?

Mr. ALTUCKER. That's fine. But my point is that the procedure that you are proposing with this will have a negative effect on it.

Mr. CLAY. In what way?

Mr. ALTUCKER. Because the decisions to close the plants, as Mr. Frederick said, are so complex, and so viable, and move so rapidly, that to put it into central control on a Federal level——

Mr. CLAY. This bill would not prohibit anybody from going out of business. This bill is to attempt to keep businesses open, not to force them to stay open; to sit down and perhaps analyze why they are in trouble.

Now, there are a lot of businesses that are closing, not because of lack of capital, not because they're not making sufficient profit. They're closing because they can make more profit by closing those businesses. This type of legislation is aimed at that.

Mr. ALTUCKER. But it does subsidize the dislocated people.

Mr. CLAY. Well, we subsidize everything in this country. Absolutely everything.

Mr. ALTUCKER. I guess I'm working for a fairer share of the subsidies, like everybody else. My point was that to buy the——

Mr. CLAY. We call the money that we give to business subsidy. We call the money that we give to little people welfare. But it's the same thing.

Mr. ALTUCKER. And it comes from the same place, the consumer; nowhere else.

Mr. CLAY. I think that's the purpose of government, though. I mean, there would be no need for government unless we band together to do for people what they cannot do for themselves. That's the fundamental purpose of government, and somebody has to pay for it.

Mr. ALTUCKER. Well, I think we differ there. My concept of the fundamental purpose of government is to create a situation where we, the people, can control our destinies.

Mr. CLAY. Well, we can control our destinies without government. It might not be as orderly, but we can control it.

Mr. ALTUCKER. Well, on things that—I wish you could come out to the ranch and we could spend a weekend talking about this, Mr. Clay.

But I think my concept, I would like the Government to create the conditions where each citizen can take care of themselves, and I think most Americans would like to do that; and I see a growing trend toward the centralization of control over extremely complex problems, and a poorer level of decisionmaking.

The concept here, for example, seems to be that somehow the Government, either agency heads or politicans, could, if they had all the facts and were kept informed, could make a better decision on a plant closing than could the people who are working there in the local area. I submit to you that as I've watched Washington in my lifetime, I don't think there's a lot of evidence to show that those decisions are a heck of a lot better than the ones that are made on a local level.

I say that it—certainly, the purpose of this bill is to reduce risks and to eliminate some problems among a certain class of our society under certain circumstances in the business world. I will repeat that there is a cost involved there, and the cost either has to come from good management on my part to put money aside, as we have.

Now, if this bill were in effect now and you were to come in and subsidize my competitors this year, who haven't had the good sense to save some money for the future, or for one reason or another have not been able to, then you are competing unfairly with me, and you are making it hard for my employees; and there is a cost. You are subsidizing the inept and the unwilling, and this country can't stand that for very many more years.

Mr. CLAY. Why not?

Mr. ALTUCKER. Because we're going downhill now. Our productivity is down in the last 15 years, for some of the reasons that I've described. If we're going to make a living in this world, we have to be able to compete on a worldwide level.

Because communications and transportation is such now—I'm very fortunate. I'm in a business that everything weighs so much that we can't ship it. That's sand, and gravel, and asphalt, and cement, and so forth, that you don't ship overseas, so I don't have any foreign competition, but I'm right alongside plants that are in the timber industry, and they're feeling the bite from Taiwan, and Japan, and South America, and in Africa and the Scandinavian countries, and everywhere.

Mr. CLAY. They're competing with fellow American companies who are located at Taiwan and Japan and Africa, and everywhere.

Mr. ALTUCKER. In some instances, yes.

Mr. CLAY. In many instances.

Mr. ALTUCKER. Well, are you telling me——

Mr. CLAY. Our investment money is being invested overseas by multinationals.

Mr. ALTUCKER. Are you telling me that American capital is predominant in the world today? I don't think so.

Mr. CLAY. I'm telling you that we're competing with ourselves overseas.

Mr. ALTUCKER. And with a lot of others.

Mr. CLAY. Companies don't care what happens to the economy here, because they're going to make it on the other end, and they'll say—they'll tell you that.

Mr. ALTUCKER. Sir, I cannot accept that statement. I have many friends that I went to school with and have kept in touch with, people that are heads of the major corporations.

Mr. CLAY. David Rockefeller a friend of yours?

Mr. ALTUCKER. No. I don't know Mr. Rockefeller.

Mr. CLAY. Well, I'm talking about the David Rockefellers.

Mr. ALTUCKER. What, a half a dozen of those companies?

Mr. CLAY. That control about 50 percent of all the money in our industry.

Mr. ALTUCKER. Is that even a correct statement?

Mr. CLAY. Well, perhaps not. It's probably an understatement.

Mr. ALTUCKER. Well, as I say, I wish that you had time to come and we could debate these issues.

Mr. CLAY. I wish we had time to really debate them, too.

Mr. ALTUCKER. I don't think—my hope is that, because this bill will substantially increase the costs of government, and it will at the present time. It will fly right in the face of the things that our country needs from an economic standpoint. We need increased investment; we need increased productivity; we need increased efficiency; we need lower costs for consumer goods and decreased governmental intervention and control.

Mr. CLAY. Decreased what?

Mr. ALTUCKER. Decreased governmental intervention, regulation, and control.

Mr. CLAY. How long has that been the party line of business? For how many years now?

Mr. ALTUCKER. Well, I can't speak for business. I can only speak for myself.

Mr. CLAY. And at least 2,400 companies?

Mr. ALTUCKER. And I'm 60, and I've been in business for over 40 years, and I've always felt that way.

Mr. CLAY. Are you aware that this propaganda just recently started, when different people started having input as to who the regulators were going to be? When you started getting the environmentalists and the consumers and the Ralph Naders and labor unions helping to decide who was going to regulate business, then this propaganda started coming forth.

There was never any agitation about too much Government regulation when the Carnegies, and the J. P. Morgans, and the Rockefellers stole this country blind because they controlled the regulators and they appointed the regulators. The agitation only started after other people got into the mill and started effectuating some of the regulations to protect the interests of the public.

I'm asking you, how long has this been the party line, to your knowledge, that we have overgovernment regulation?

Mr. ALTUCKER. The party line of whom, sir?

Mr. CLAY. Of business.

Mr. ALTUCKER. Well, I can't rightfully answer for business. I'll just say to you that when I originally went in business in 1948, it was my opinion at that time, and it still is.

Mr. CLAY. You don't think that the Government has a responsibility to regulate the health and safety of workers on the job?

Mr. ALTUCKER. Certainly I do. Do you want to discuss social——

Mr. CLAY. I don't mind discussing anything. But you're saying overgovernment regulation. What do you mean by overgovernment regulation?

Mr. ALTUCKER. I wrote a letter to Senator Hatfield in 1978, and went to Washington to talk to him about OSHA—and my particular company, has one of the best safety records for our particular kind of business in the country—and I tried to explain to Mr. Hatfield that the thrust of OSHA would be such that I bet him a dinner that after 5 years and billions of dollars in expense, that the frequency and severity of industrial accidents in the country after OSHA would be unchanged from before, and that is a fact; it's worse now than it was then.

Mr. CLAY. That's not a fact.

Mr. ALTUCKER. Well, it is a fact. And the point is this: There are various ways to skin a cat. And everybody wants to reduce accidents. In the industrial workplace, I don't know of any employer, even, who is so callous, and most employers understand the economic thrust of it.

Mr. CLAY. You mean these people who are throwing toxic chemicals into water and putting it underground are concerned about the welfare of this Nation? You don't want to discuss the——

Mr. ALTUCKER. No.

Mr. CLAY [continuing]. Lack of responsibility?

Mr. ALTUCKER. I made a statement.

Mr. CLAY. The callousness of American business?

Mr. ALTUCKER. I made a statement that I will stick with, that OSHA has not increased the safety to the American workmen one iota either in frequency or severity.

Mr. CLAY. That's because of the evasion of those who aren't to be——

Mr. ALTUCKER. No, no.

Mr. CLAY [continuing]. Regulated by it.

Mr. ALTUCKER. Not a bit, because it's aimed in the wrong direction, and that's what's wrong with this bill.

If you want to help the workers who are displaced at a time of a plant closure, this is not the way to do it. That's my point.

Mr. CLAY. You made the statement that if this bill passed, it would be difficult to administer.

Mr. ALTUCKER. Yeah.

Mr. CLAY. Why?

Mr. ALTUCKER. Well, suppose that I wanted to close a plant here in California—or in Oregon—because raw materials were no longer available at a reasonable cost here, and it was less expensive to produce them in California, in one of our other plants. That can happen at any time.

The cost of transportation can change, and I can't move them, and I have no control over that.

And if that happened, what would my response be? I would give our people the most possible, or the longest possible advance notice that they'd—and as we have done in the past, if they don't want to

move out of this area, we've helped them find work in the area—if they don't want to move.

Mr. CLAY. We're going to move on. Let me ask you one last thing. You don't think that under any circumstances the American Government should help to prop up private businesses?

Mr. ALTUCKER. No, I don't make that statement at all.

Mr. CLAY. But when you talked about Chrysler, the ineptitude, and the mismanagement of Chrysler——

Mr. ALTUCKER. In that particular instance, it's my opinion—and I am fairly familiar with the Chrysler situation because one of my roommates from college is the vice president of Chrysler and I've kept in touch with him—it's my opinion that the adverse consequences of the Government intervention, control, and regulation of the automotive industry were so serious and overbalanced the short-term gain.

Now, you made the statement of what did—or you asked me what I thought would happen to those some 31,000 Chrysler workers that would have been displaced, and you raised that into the millions——

Mr. CLAY. 31,000?

Mr. ALTUCKER. Yeah, directly. And I agree with you, that the ripple effect would put many more——

Mr. CLAY. You're talking of millions of people, not 31,000.

Mr. ALTUCKER. No. The answer to that is this: That if Chrysler was buiding a product that society needs, someone is going to produce that product. If it isn't Chrysler, it's going to be someone else.

So, the concept that all those workers are going to be thrown out of work simply isn't true.

Mr. CLAY. Do you know that 12 or 13 years ago, when McNamara was the Secretary of Defense, a certain watch company announced they were going out of business. The Secretary of Defense went to them and said,

> No way are you going out of business. You're going to stay in business. You're one of the last watchmakers in the country, and if we don't make our own watches, our own timing devices, we have got to depend on foreign countries for all of those sophisticated weapons that we have out there.

Now, do you think that in that instance the Government is justified in keeping a private corporation in business?

Mr. ALTUCKER. I think that public defense, or national defense, or international defense is a very proper part of our Federal Government's responsibility, and if Hamilton were important to that national defense issue, then I would say yes, that was a good decision.

Mr. CLAY. Well, we've got 50 million Americans—that's 1 out of 4, 25 percent—who are either on welfare, on unemployment compensation, or food stamps, or drugs or are alcoholics, and we can build all of this sophisticated protective system that you talk about, but if we don't have anybody to protect, then it ain't worth much, is it?

Mr. ALTUCKER. That's right, but you cannot give the money for the social benefits until you first take it away. And there must be an economy strong enough that you can take a portion away to give to those people who really are in need.

Mr. CLAY. But we just took $20 billion away from the people who depend on Government programs and put it over into the military budget. Just within the last 60 days.

Thank you for your testimony, sir.

The next witness will be James Thompson, regional vice president of the Association of Pulp and Paperworkers.

Mr. THOMPSON. Is this chair warm enough?

Mr. CLAY. Mr. Thompson, your entire statement will be inserted in the record. We ask you, according to House rules, to summarize within 5 minutes.

Mr. THOMPSON. I'll attempt to be brief, Mr. Clay.

Mr. CLAY. Yes.

[Prepared statement of James Thompson follows:]

Prepared Statement of James A. Thompson, General Vice President, Association of Western Pulp & Paper Workers

My name is James A. Thompson, General Vice President of the Association of Western Pulp & Paper Workers. The A.W.P.P.W. is a labor organization with national offices in Portland, Oregon. We represent approximately 20,000 workers employed in pulp, paper, paper converting, sawmills and chemical operations in the States of Alaska, Washington, Oregon and California.

Our membership is employed by 23 individual companies, including some of the giants of the forest products industry. We have labor agreements with companies such as Boise Cascade, Crown Zellerbach, Georgia Pacific, International Paper, I.T.T. Rayonier, Kimberly Clark, Louisiana Pacific, Potlatch Corporation, Publishers Paper, a Division of Times Mirror, Scott Paper Company, Willamette Industries and the Weyerhaeuser Company. All of these companies I have referred to are included in the Fortune's 500.

My reason for mentioning these individual companies is that none of these would have any misgivings whatsoever about shutting down one or more of it's plants. Companies this large should certainly be able to live with legislation such as proposed in H.R. 5040.

The A.W.P.P.W. was certified as a bargaining agent by the N.L.R.B. in 1964. As you can see, we have only been in this business for 16 years. Since that time, however, we have seen 10 of our mills on the West Coast shut down. These plant closures affected some 2,300 workers. Five of the ten mill closures have taken place since 1978 and, again, with very short notice and little chance for the bargaining agent or workers, themselves, to make any meaningful attempts to forestall such closure.

In addition to these ten mill closures, there have been departmental closures within existing mills that are too numerous to actually count. Furthermore, the number of people involved in these departmental closures is staggering.

We are here today to indicate our pleasure with the proposed legislation and to ask Congress to act on and pass the proposed bill. On February 4 of this year, we wrote to Representative Augustus Hawkins stating our concurrence with the proposed legislation. We realize that the bill may not be all encompassing; however, it's certainly a step in the right direction.

On June 20 through 22 of this year, a Northwest Regional Plant Closure Conference was held in Portland, Oregon. Over 300 people took their time to come to that conference and listen and make suggestions dealing with this all important subject matter.

In addition, on August 5 over 150 people attended an Interim House Labor Committee Hearing in Salem, Oregon regarding a proposed State plant closure bill. Individually, I had an opportunity to testify at the Salem hearing and I was also included in a panel at the Plant Closure Conference. I have taken the liberty to enclose copies of my Salem testimony and my conference papers, plus the letter we wrote to Representative Hawkins for your review.

In closing my remarks, I want to reiterate that this is a very serious subject matter and some resolution must be achieved. I realize the

2,300 former A.W.P.P.W. employees that I referred to earlier are only a very small amount of workers who have been affected by plant closure. Nevertheless, these were 2,300 people that depended upon their labor organization for support. I can only say that while the support may be very late in coming, perhaps the proposed legislation will keep another 2,300 people from facing the same dilemma.

Thank you.

ASSOCIATION OF WESTERN PULP AND PAPER WORKERS
A Union for Today... and Tomorrow
1400 S.W. CLAY • P.O. BOX 1735 • PORTLAND, OREGON 97207 • PHONE: 226-7484

February 4, 1980

The Honorable Augustus F. Hawkins
2371 Rayburn Building
Independence and S. Capitol Sc., S.W.
Washington, D.C. 20515

Dear Representative Hawkins:

The Association of Western Pulp and Paper Workers thanks you for sending us a copy of H.R. 5040. We have communicated with you on past issues so therefore, no further introduction should be required.

Even though we are a small labor organization, representing approximately 21,000 members employed in pulp, paper, paper converting, sawmills and chemical operations in the states of Oregon, California, Washington and Alaska only, we are still nevertheless very much concerned over the effects of plant closures and/or relocations. In our short fifteen years as a certified labor union we have been faced with far too many plant closures, or threatened plant closures.

We fully realize the committee has received volumes of testimony regarding this proposed legislation. Therefore, rather than to draft a lengthy position paper which probably would be quite repetitive to statements already received, we would positively like to go on record stating our full support for the passage of H.R. 5040.

In our effort to be as honest as possible, we would be remiss if we indicated that passage of the bill will resolve the total problem of plant closures or relocations for workers and the community involved. We would like to see the bill even more restrictive than proposed. However, we also realize this probably is not possible at the present time. Therefore, we urge congress to support and pass H.R. 5040.

We thank you for allowing us to offer our viewpoint. We would request that you notify your colleagues of our concurrence.

Sincerely,

James A. Thompson
General Vice President

JAT:jlm
bcc: Barrie Brown

67-746 O - 81 - 24

TESTIMONY SUBMITTED TO HOUSE OF REPRESENTATIVES LABOR COMMITTEE ON AUGUST 5, 1980

Mr. Chairman, members of the Committee:

My name is James Thompson. I hold the position of General Vice President of the Association of Western Pulp and Paper Workers, a labor union with national offices in Portland.

Until August 1, the AWPPW had 14 Local Unions in the State of Oregon. These Local Unions were comprised of workers working at 14 separate pulp or paper or converting plants. Today, that number has been reduced to 13, owing to the closure of the Crown Zellerbach Lebanon pulp mill last Friday.

Who knows, tomorrow the number may be 12 or 11, or any lesser number. Why don't we know? Because neither Oregon State nor federal law requires an employer to give any advance notice regarding closure. Therefore, workers who go to work today with full expectations of continuing job security may find that by next week that security is only a jilted dream.

Let's look at the Lebanon situation. The mill was very old -- 91 years old to be exact. It was a small operation. Its 80-plus hourly employees produced approximately 38,000 tons of sulphite pulp and 35,000 tons of corrugated medium on a yearly basis. In addition, the mill has a very small chemical-producing operation which employed 3 to 5 of the total hourly workforce.

(more)

Mr. V. G. Gerttula, C-Z Vice President for containerboard, told Walden's Fibre and Board Report (July 28, 1980 Edition):

"Operation of the mill has been marginal for some time. Unfortunately, all of our efforts to reduce costs through conservation of energy and water and use of alternate pulping processes and fiber materials have not been enough to offset the recent rapid increases in the cost of energy and fiber. We have no alternative left that could possibly offset the losses we are now facing."

Mr. Gerttula indicated the mill has been marginal for some time. Even though Crown Z apparently had this knowledge, do you know when they notified the workforce of the permanent closure? July 10, that's when -- some 21 calendar days before the permanent closure would take place.

In some regards, the Lebanon workers may be more fortunate than other workers might be under the same conditions. These now-displaced workers were covered by a Collective Bargaining Agreement that provided some benefits such as preferential hiring rights at certain other C-Z mills -- provided any hiring is being done; severence pay -- if a worker had less than 25 years of service, he/she received 20 hours of pay for each year; for workers with more than 25 years this increases to 40 hours of pay for each year.

Let's analyze this matter. The Bureau of Labor Statistics has recently reported that an urban family of four who falls under BLS's "Lower Budget" category must have received $12,585 in 1979 to maintain their lower budget status. The same family classified under the "Intermediate Budget" category had to make $20,517, and if in the "Higher Budget" category - $30,317.

How does this compare to our Lebanon worker drawing severence pay? The average hourly rate of pay at Lebanon, effective June 1, 1980, was approximately $10.14. Therefore, using this rate for comparison, a worker with 20 years of service received $4,056 in severence pay, and a worker with 30 years of service received $12,168. How can either of these individuals meet the budget requirements BLS has calculated, and the severence payment is on a one-time basis only. Furthermore, let's compare a worker with only 10 years of service who was working on a base rate job receiving $8.53 per hour. This person received a whopping $1,706 as a "going-away present."

The Lebanon workers, in most cases, have their pension benefits vested, received some minor extension of group insurance coverage, and also whatever

vacation pay they were eligible to receive.

Regardless of whether the benefits referred to are good or bad, th
that this committee should take under consideration is that these items
via the Collective Bargaining process. What recourse to the same type
do workers in a non-union plant have, where management is completely fr
impose any type of program it determines appropriate? This can range f
form of recognition, to nothing at all. Unfortunately, I think you'll
under these circumstances, "nothing at all" will generally prevail.

It should be pointed out that Collective Bargaining is not the com
resolution to this problem, either. Just because the parties meet to b
wages, hours, and working conditions, doesn't automatically mean that t
is going to roll over and agree to a plant closure article appearing in
Agreement. I'd venture a guess that language of this nature is exclude
majority of the Labor Agreements in this State.

What alternatives then do workers have at their disposal? The pri
native is legislation from either a state or national level. Congress
and debated several such proposals, i.e., H.R. 5040 introduced by Rep.
Michigan, and a host of other congressmen; S. 2400 by Senator Metzenbau
and other similar bills. However, up to this point in time, none of th
have been enacted. Should this preclude the State of Oregon from passi
ful plant closure law -- we say definitely not. You, as our elected re
to the State Legislature, have an obligation to the working men and wom
represent. We hope you'll recognize this obligation and proceed with s
of protection.

In June, a Plant Closure Conference was held in Portland. The con
place on a weekend; nevertheless over 300 concerned people took the tim
the session. Sure, there were labor leaders in attendance, but there w

people from all walks of life who have a sincere concern about people who are out of work, especially if the elimination of jobs has resulted from a plant closure. This subject is not going to die. There has to be a resolution, and this committee is one of the starting points.

I had the opportunity to serve on a panel at that conference. I've attached a copy of my presentation to my remarks today, which I have distributed to you. I'm not going to read that paper now, but I would ask you to review it.

It was interesting that during the panel discussion, a well-known Senator from the Washington State Legislator was in attendance. The Senator asked me, as a labor leader, whether or not I could guarantee him that if he supported a plant closure bill in Washington State it would not come back to haunt him politically. Naturally, I could not. However, I did tell him that if his political backside meant more to him than his constituency, then I honestly felt sorry for him.

I would hope that I will never have to make the same statement to any member of the Oregon Legislature. The issue should not be politics, but rather a resolution to human dilemma. I ask you to give this subject matter your utmost consideration.

Thank you for your time.

PAPER FOR PLANT CLOSURE CONFERENCE
MASONIC TEMPLE
PORTLAND, OREGON
JUNE 20-22, 1980

WORKSHOP - SATURDAY, JUNE 21, 10:00 A.M.

WORKSHOP TITLE:

THE ECONOMIC IMPACT OF PLANT CLOSURES
(IMPACT ON EMPLOYEES)

SUBJECT - THE IMPACT ON INDUSTRIAL JOBS

BY - JAMES A. THOMPSON, GENERAL VICE PRESIDENT
ASSOCIATION OF WESTERN PULP AND PAPER WORKERS
PORTLAND, OREGON

With at least 15 million jobs eliminated by plant closures between 1969 and 1976, and certainly a tremendous amount in addition after 1976, what kind of social problems do the displaced workers face? Can a worker who is involved in losing his or her job be expected to react in a normal mental or physical manner, especially if that worker finds themself without any means of securing some type of reasonable income?

Much discussion on this entire issue will take place during the conference, and hopefully some meaningful, worthwhile resolutions will develop. The purpose of this workshop however, is to discuss social impacts of plant closures; so therefore, I would like to discuss some of these issues.

Let's first review the most immediate problem that develops when a plant is closed, and I believe that is how to suddenly replace the wages and benefits a worker will no longer receive.

Let's use an example to illustrate this matter. Let's assume that next month the Longview Fibre Company in Longview, Washington would suddenly announce that it is closing its doors forever. The

plant produces paper products and also makes its own pulp. It employs approximately 1600 hourly employees, all covered by a union labor agreement, with probably another 350 to 400 salaried persons. The approximate current average hourly rate of the hourly employees is $10.25. The negotiated fringe benefit package for these employees averages about $4.50 per hour in addition to the actual wages.

So now the plant is closing and naturally, the first question is, "What do I do for a job so I can take care of my family and meet my financial obligations?" We'll examine one hypothetical case. We assume a worker is 40 years of age, has a wife and two teenage children at home. He went to work for Longview Fibre when he was 23 years old, so when the mill closure takes place he has 17 years of service with the firm. His hourly wage rate is pegged right at the average rate in the plant -- $10.25. His normal working schedule is 40 hours per week, but calculated on a yearly basis, we'll assume he averages about 4 hours of overtime per week, not uncommon in the pulp and paper industry. Therefore, our worker's paycheck before taxes and other deductions, averages $451.00 per week, or $23,452 for a 52-week period. Excluded from this wage calculation however, are five weeks of paid vacation, a fully paid company pension plan the worker expected to receive at a normal retirement age, full hospital-medical-surgical coverage for the worker and his dependents with premiums fully paid by his employer, a $21,000 Group Term Life and Accidental Death and Dismemberment insurance policy paid for by the employer, 13 paid holidays per year, 8 which are known as "restricted" in the pulp and paper industry (explain restricted if asked), and other contractual fringe benefits.

Now, we've examined what our worker is receiving today while actively employed, but what about next month when the employer permanently "locks his doors". The $23,000 plus yearly salary is gone, his family no longer has medical coverage should a serious illness or accident occur, paid vacation is only a memory and by law, his pension is vested but many years will pass before he will receive any monies from the plan. Oh yes, we almost forgot his holidays -- without a job he now has 365 holidays a year; however, without pay.

What avenues of escape are open to our displaced worker. He may be able to find another job in the area but with unemployment now nearing 8% nationally, the likelihood of finding a similar job, paying similar wages and providing similar benefits, is probably at best, only wishful thinking. In fact, finding another job period, may only be wishful thinking.

If his attempts to secure new employment fail, he turns to either unemployment compensation or public assistance, or perhaps both, if he is eligible. Washington state will graciously allow our displaced soul, who may be reaching despondency by now, a maximum of $137 per week unemployment benefits. He may be fortunate that his plant closure occurred in Washington state, however, because Oregon only provides $127 weekly benefits, Idaho $121, California $120, Alaska $120 maximum with three dependents, and Montana $119. This is quite a cut in pay from the $451 a week he made while working in the mill.

If his plant closure was caused by an overabundant glutting of the U.S. market, he may be eligible to apply for trade adjustment assistance. This adjustment assistance is provided for under the Trade Act of 1974.

The Act provides that workers who believe they have been or will become totally or partially separated from employment as a result of increased imports may petition the Secretary of Labor for certification of eligibility to apply for adjustment assistance. Assistance to workers under the Trade Act may include cash trade readjustment allowances, training, employment services (counseling, testing, job placement services), job search grants, and relocation allowances.

The cash trade readjustment allowances amount to 70 percent of a worker's average weekly wage, not to exceed the national average weekly manufacturing wage, for up to 52 weeks. Generally the amount of the trade readjustment allowance is reduced by the amount of the unemployment insurance the worker receives. Workers may receive up to 26 additional weeks of allowances to complete approved training. Workers aged 60 or older when separated from their last job may receive up to 26 additional weeks of allowances. No worker may receive more than 78 weeks of allowances.

Now we have possibly provided some type of unemployment benefit assistance and maybe Trade Act assistance, but is this supposed to eliminate the social impact our worker has come up against; we hardly think so. How do we alleviate the mental anguish that can lead to marital breakups, despondency, self-inflicted death and God only knows how many other things that might arise. There aren't enough psychologists alive to combat the mental illnesses that can result from plant closures.

Let's again return to "our worker", only 40 years old, certainly young enough to continue gainful and worthwhile employment for many years under normal circumstances. He's given his employer 17 years of productive service and now, like an unexpected volcanic eruption,

he can only stand outside the gates of his old jobsite and speculate as to what might have been. Is it any wonder why people in today's society seriously contemplate suicide when the reality of our hypothetical example hits them squarely between their eyes?

It is hard enough for a worker to have to accept a plant closure if the closure is for a cause that can't be helped such as no further need for the company's product, or maybe loss of sales or mismanagement that has caused financial bankruptcy. What is even more distasteful is when a company closes its operations solely for the purpose of relocating its business elsewhere to remove itself from a collective bargaining agreement with a union. Peter Bommarito, President of the United Rubber Workers, was quoted in the May 21, 1979 edition of U.S. News and World Report. He stated, "Corporations are relocating at a pace unparalelled in history, and too many are moving simply to get away from unions. They are moving abroad to get away from unions. They are moving South and Southwest to get away from unions. This exodus has affected the whole labor movement."

As I stated earlier, this segment of the program deals with the social impact of plant closures. To some of you, these remarks may have been heard many times over. Hopefully, to others, we have given you a better idea of the social injustice workers must face when plants are closed. Other portions of the conference will deal with potential remedial alternatives. It would have really been quite easy, and to be honest, I had to guard against it, to have moved into the remedy process in this presentation.

I thought you might be interested in parts of a statement Representative Les AuCoin, 1st District-Oregon, read into the Congressional Record on Wednesday, May 7, 1980. Mr. AuCoin stated,

"Mr. Speaker, last week when I was home in Oregon, I spoke to a young man who considers himself lucky to have at least part of a job.

This young man lives in Willamina, a small town in the Oregon Coast Range, one of the most productive timber-growing regions in the world. He works at the sawmill. Because operations are curtailed, he works only every other week, earning $375. On the weeks he is not working, he collects $125 in unemployment benefits. This is the income with which he is struggling to support himself, his wife, and a 2-year-old son. I asked him how he manages to support a family on that. He explained he had been drawing from his savings account. He said hotdogs and rice have become the mainstays of the menu in his household. I asked how the savings were holding out.

"They're pretty well drawn down," he told me. "Last week I had to let my life insurance lapse." When I inquired how long it had been since he and his wife had been out to dinner he replied that it had been in April, on their wedding anniversary. Her parents had treated. They had gone to McDonald's."

Mr. AuCoin went into great detail regarding today's recession, which, and I believe others would more readily agree, is on the edge of a depression -- if one can define the two by today's standards He primarily directed his remarks towards the sagging lumber and plywood industries. Coming from the State of Oregon, it is understandable that Mr. AuCoin is concerned about the loss of jobs and of mill closures in the state he represents. It would have probably been more appropriate however, if the Congressman would have expanded his remarks to cover all industries.

In closing this presentation, I want it clearly understood that the Longview Fibre Company was only used as a hypothetical

illustration. The hourly workers employed at that mill belong to the Association of Western Pulp and Paper Workers and as an official of that labor organization, I found it much more convenient to allude to a particular mill where I'm familiar with the wage and benefit structure.

Naturally, we don't anticipate Longview Fibre "going south", but with Mt. St. Helens at its back door, only God and Mother Nature would seem to know what the future might hold for the Longview geographical area.

Thank you.

STATEMENT OF JAMES A. THOMPSON, REGIONAL VICE PRESIDENT, ASSOCIATION OF PULP & PAPER WORKERS, PORTLAND, OREG.

My name is James Thompson. I'm general vice president of the Association of Western Pulp & Paperworkers. We are a labor organization with national offices in Portland, Oreg. We represent workers, approximately 20,000, who are employed in pulp, paper, paper converting, sawmills, and chemical operations in the States of Alaska, Washington, Oregon, and California.

Our membership is employed by 23 individual companies. These companies include some of the giants of the forest products industry. I've listed those for you and I'm going to repeat those for you. The purpose of listing them is the fact that most of those companies, sir, belong to the Fortune's 500. We see no reason whatsoever why these companies, as large as they are, could not live with the legislation proposed in H.R. 5040. Furthermore, I know most of these companies personally.

As the speaker previous to me indicated, I knew him, and I'm quite sure that those that I've met that sit in very high positions of those companies would have no qualms whatsoever about shutting down one or more of their operations, if they felt it was needed.

Our union was certified as a bargaining agent by the NLRB in 1964. As you can see, we've only been in this business for 16 years. However, since that time, we've seen 10 of our mills on the west coast shut down. These plant closures affected some 2,300 workers.

Five of the ten closures have taken place since 1978, and with very little notice, nor any chance for the bargaining agent or the workers themselves to make any meaningful attempts to forestall such closures.

Now I'd like to touch on this, if I might, because the previous speaker had raised some comments that were made by the Oregon Associated Industries, and I'd heard some of those comments in Salem, Oreg., several weks ago.

I'd like to point out—and its included further back in my testimony, which I'll not read at this time, or today—that Crown Zellerbach Corp., for example, one of the biggest corporations in this industry, just recently shut down a plant at Lebanon, Oreg.

That plant was old, very old, some 90 years old. However, they gave the workers in our organization 21 days notice that that plant would go out of business permanently, but yet to the media, they indicated that they'd known for some time that it was a marginal operation, and unless they could cut some costs, energy cost, et cetera, that they could probably have to shut the plant down.

They had no apparent will to let the workers know that that plant would go down so that perhaps the workers possibly might be able to relocate.

Lebanon is a very small community with not much other industry available, or other jobs available for those people to go to.

Furthermore, of these closures that I've mentioned that have taken place in the last 5 years, two of those closures took place with Louisiana Pacifics Corp., one of the larger forest products industry companies, and we were notified at the bargaining table in 1978 that they were going to shut those plants down.

In other words, we were there attempting to negotiate a new labor agreement, and the employer at that time had the audacity to say, "I'm sorry, we're going to shut this plant down. You can forget about bargaining. We will bargain for the closure."

In addition to these 10 mill closures, there have been so many department closures within the existing mills that they're too numerous to actually count, and I couldn't begin to tell you how many people have been affected, but I can tell you the numbers are staggering as you relate those numbers to those 20,000 people that we currently represent.

We are here today to indicate our pleasure with the proposed legislation, and to get Congress to act on and pass the proposed bill. We wrote to Representative Augustus Hawkins in February of this year stating our concurrence with this legislation. We told you at that time, and I'll tell you today, that the bill may not be all encompassing; however, it's certainly a step in the right direction.

There was a Northwest Regional Plant Closure Conference that was held in Portland earlier this year, and we sponsored that conference. I had an opportunity to serve on a panel at that conference.

Furthermore, I had an opportunity to, several weeks ago in Salem, Oreg., attend a hearing on a bill that is pending, or perhaps will be pending I should say, in the next session of the Oregon Legislature.

I've included the testimony of both of those conferences and the hearing in Oregon to this paper, and I'm not going to read them today.

Mr. CLAY. All of those documents will be included in the record.

Mr. THOMPSON. That's correct.

Mr. CLAY. Yes.

Mr. THOMPSON. I can only say in closing that we've only been affected by about 20—excuse me, our union's only lost about 2,300 people. We're not concerned about the losses of our people from a union standpoint, but more so about those 2,300 people that lost jobs.

Hopefully, something can be done to correct that inequity so that 2,300 more, or any other number of persons, will not be affected and faced with the same dilemma that those 2,300 were faced with.

I thank you, and if you have questions, I'll be happy to answer them.

Mr. CLAY. We thank you very much for your testimony.

The 10 mills that you refer to in your testimony, did they move to another location?

Mr. THOMPSON. No; generally they closed down completely. Some of these mills were in California, some of them in Oregon, and some in Washington; and they were closed completely.

Mr. CLAY. What was the reason given by the company?

Mr. THOMPSON. The reasons varied. Either old mills, or the business just couldn't afford the area that they were in. But in all cases—in most cases, excuse me—in most cases it was done with very short notice. In several of the cases, the employers gave us plenty of notice, I'll have to be very honest. We were able to sit and constructively talk about plant closures.

The point is, however, that there is no legislation that affects that, and if those employers said to us, or said to those workers tomorrow that: "We've got to shut down," those same 10 mills and the same places, theres nothing that precludes them from doing that, and there's nothing whatsoever that will give the worker or the community any protection.

Mr. CLAY. Did any of the employers take any positive steps when you sat down with them, those that gave you advance notice? Did they take any positive steps?

Mr. THOMPSON. As far as retaining the business in that area?

Mr. CLAY. Or transferring people to other——

Mr. THOMPSON. Well, fortunately, sir, in our labor agreements that we have—and I have to preface this by saying perhaps we're in the minority—we had bargained a plant closure plan that does allow for some relocation rights, if in fact the relocations were with one of those companies where we also had a labor agreement; so maybe we're unique to some extent in that area.

But I think you'll find that that's not the case in most industries, or in most labor agreements. I've seen employers take strikes over that same type of language, and we have not won those strikes, when the strike was finally ended, by the inclusion of that language.

Mr. CLAY. Fred, do you have a question?

Mr. FEINSTEIN. No questions.

Mr. CLAY. Edie?

Ms. BAUM. No questions.

Mr. CLAY. We want to thank you for your testimony. Kelly Friel?

Ms. WOOTEN. You should have Mr. Gary Barker.

Mr. CLAY. Good afternoon.

Mr. BARKER. Good afternoon.

Mr. CLAY. Your statement will be included in the record, and we ask you to give us a brief summary.

[Prepared statement of Gary Barker follows:]

Prepared Statement of Gary Barker, Labor Economist, Oregon State Employment Division

My name is Gary Barker. I am a labor economist in charge of current employment statistics with the Oregon State Employment Division. I am here to provide statistical information on employment and unemployment in Oregon's lumber and wood products industry and to give a brief analysis of Oregon's economy as it relates to this industry.

Oregon's timber industry has historically been one of the dominant sectors of the state's economy. As late as the mid-1960's, lumber and wood products employment comprised nearly one-half of all manufacturing employment in the state. The timber industry, however, is especially vulnerable to national recessions and business downturns. During the height of the 1974-75 recession, timber products employment plummeted by 17% over the previous year. Since that time timber products employment gradually rose to near pre-recession levels. However, beginning in fall 1979 the employment growth started to decay as the nationwide economy began to deteriorate. In November 1979, mill shutdowns began to occur as the industry tried to bring production into line with the rapidly falling national demand.

Not until the spring of 1980 was the full impact of the slowdown in lumber and wood products felt. At that time, this impact was reflected in Oregon's seasonally adjusted unemployment rate which moved from 6.7% in January to 9.5% in July. In the two previous years the rate never exceeded 6.9% in any month.

UNEMPLOYMENT RATES -- OREGON
(Seasonally Adjusted)

	1978	1979	1980
January	5.9%	6.6%	6.7%
February	6.0	6.6	6.3
March	5.8	6.6	6.8
April	5.9	6.8	7.9
May	6.0	6.9	8.5
June	5.9	6.8	9.1
July	6.0	6.9	9.5
August	5.9	7.0	
September	6.2	6.8	
October	6.2	6.8	
November	6.4	6.9	
December	6.0	7.1	
Annual Average	6.0	6.8	8.5*

*Estimated

Although an unemployment rate for the lumber and wood products industry is not compiled, the Oregon Employment Division has compiled statistics on lumber and wood products layoffs starting in November 1979. At that time, approximately 4,200 people were laid off in the lumber and wood products industry. This level held through the end of March 1980 when the total jumped to nearly 8,000. The layoff total then continued to increase until early May when it peaked at nearly 17,000 with an estimated 184 plants affected. Since that time there has been a slow but steady decline. The latest statistics available, August 3-9, indicate approximately 8,800 people continue to be laid off from an estimated 134 plants. While most of these layoffs are temporary, at this time 17 plants have announced permanent closures that will affect approximately 1,400 employees.

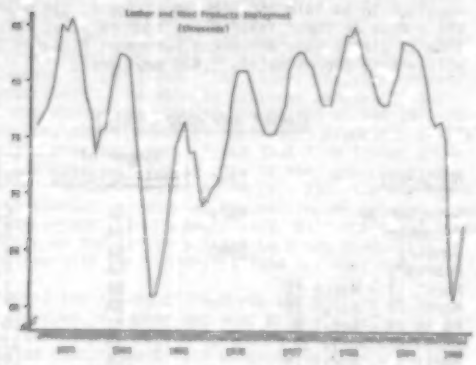
LUMBER AND WOOD LAYOFFS

Month-Day	Year	Number of Plants Affected	Laid Off* Employees
November 30	1979	NA	4,183
December		NA	5,049
January	1980	NA	5,795
February		NA	4,549
March 17 - March 21		NA	3,826
March 22 - March 29		NA	7,968
March 29 - April 5		121	10,916
April 6 - April 12		155	13,519
April 13 - April 19		165	16,083
April 20 - April 26		165	16,124
April 28 - May 3		176	16,319
May 4 - May 10		184	16,972
May 12 - May 17		172	15,205
May 18 - May 24		168	14,023
May 25 - May 31		162	13,235
June 1 - June 7		157	12,912
June 8 - June 14		154	11,669
June 15 - June 21		157	11,578
June 22 - June 28		157	11,511
June 29 - July 5		143	10,186
July 6 - July 12		143	10,022
July 13 - July 19		144	10,033
July 20 - July 26		135	9,579
July 27 - August 2		136	9,489
August 3 - August 9		134	8,782

*Accumulated total beginning November 1979.

67-746 O - 81 - 25

Employment statistics compiled by the Oregon Employment Division also indicate the effects of the recession on the lumber and wood products industry. In January 1980 there were 76,400 people employed in lumber and wood products, a decline of 2,100 workers from January 1979. By May 1980 there were only 60,900 people employed in lumber and wood products, a decline of 19,900 or a reduction of 25% over the previous year. The most recent statistics show 67,500 people employed in the industry during July, still 16,100 below year-ago levels.



LUMBER AND WOOD PRODUCTS EMPLOYMENT -- OREGON
(In Thousands)

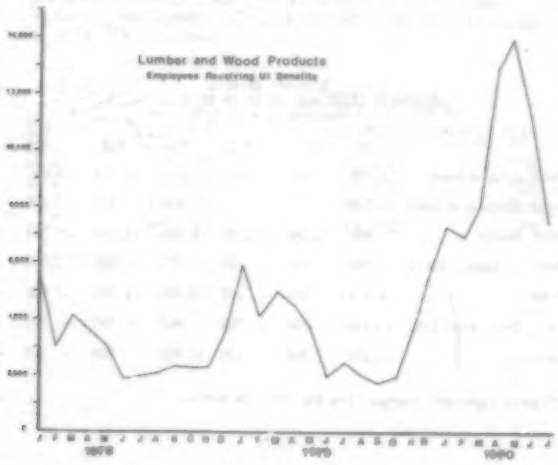
	1973	1974	1975	1976	1977	1978	1979	1980
Jan	76.2	73.6	61.1	69.8	75.6	78.2	78.5	76.4
Feb	77.0	75.6	61.3	70.6	75.4	78.1	78.1	76.6
Mar	77.8	75.9	62.8	71.2	75.5	78.2	78.3	75.2
Apr	79.3	78.7	65.6	72.6	76.7	79.7	79.5	63.8
May	81.4	80.6	69.6	75.0	77.9	81.4	80.8	60.9
June	85.1	82.5	74.2	79.0	81.3	84.4	83.8	64.2
July	84.5	82.4	75.4	81.0	82.5	84.3	83.6	67.5
Aug	85.6	82.2	76.5	81.1	82.8	85.1	83.5	
Sept	84.4	79.2	73.8	81.2	82.7	83.7	83.1	
Oct	81.9	74.0	73.9	79.9	81.9	82.0	82.4	
Nov	79.0	70.2	71.3	78.7	81.4	81.3	80.1	
Dec	77.3	66.0	69.1	76.9	79.6	80.1	77.[illegible]	
Annual Average	80.9	76.7	69.6	76.4	79.4	81.4	80.8	73.8*

*Expected

LUMBER AND WOOD PRODUCTS EMPLOYMENT -- OREGON
(Seasonally Adjusted; in Thousands)

	1973	1974	1975	1976	1977	1978	1979	1980
Jan	81.3	78.5	66.0	74.0	80.0	82.1	82.1	79.9
Feb	82.0	80.4	65.1	74.8	79.7	82.0	81.9	80.3
Mar	82.1	80.1	66.2	75.0	79.5	81.9	81.8	78.6
Apr	81.3	80.7	67.4	74.7	79.0	81.8	81.6	65.5
May	80.5	79.9	69.3	74.9	78.1	81.7	81.2	61.2
June	80.7	78.3	70.7	75.5	77.9	81.2	80.8	61.9
July	79.6	77.7	71.2	76.6	78.1	80.4	79.8	64.5
Aug	80.5	77.4	72.2	76.7	76.8	81.3	79.9	
Sept	80.3	75.3	70.2	77.3	78.9	80.5	80.1	
Oct	80.5	72.7	72.6	78.4	80.3	80.5	80.9	
Nov	80.2	71.1	72.0	79.2	81.6	81.2	79.9	
Dec	80.7	68.7	71.7	79.4	81.8	82.3	79.4	

Another indicator of the increasing unemployment among lumber and wood products workers is the number of such employees receiving unemployment insurance compensation. During the second quarter of 1980, lumber and wood products employees receiving unemployment insurance (UI) compensation averaged nearly 12,700 per month. This compares to a monthly average of 3,400 and 2,900 in the second quarters of 1979 and 1978 respectively.



LUMBER AND WOOD PRODUCTS EMPLOYEES
RECEIVING UI BENEFITS -- OREGON

	1978	1979	1980
January	5,696	5,892	7,269
February	3,040	4,168	6,944
March	4,130	5,009	8,118
April	3,630	4,567	12,872
May	3,078	3,750	13,952
June	1,897	2,012	11,243
July	2,006	2,466	7,485
August	2,081	2,071	
September	2,380	1,789	
October	2,334	1,955	
November	2,366	3,614	
December	3,638	5,720	

While the lumber and wood products industry is currently showing signs of recovery, the ripple or spin-off effects are still gripping other sectors of the state's economy. Employment levels in most other major industries, especially those dependent on a healthy lumber and wood products sector, are well below their expected levels for this time of year. These declines, coupled with the earlier lumber and wood products losses, continue to depress Oregon's economy.

SPIN-OFF EFFECTS
EMPLOYMENT GAINS AND LOSSES IN SELECTED SECTORS*
(Seasonally Adjusted)

	Jan.	Feb.	Mar.	Apr.	May	June	Jul.
Other Durable Goods	1,400	300	300	-2,000	-2,700	-2,000	-1,100
Other Nondurable Goods	300	0	0	- 600	- 300	- 300	- 500
Construction	600	1,300	-1,200	-4,900	-1,700	-3,200	-1,500
Transp., Comm., Utils.	1,200	300	- 400	- 600	- 600	-1,800	- 700
Trade	2,400	300	- 300	-3,200	-1,800	-3,100	-1,200
Fin., Ins., Real Est.	- 100	700	- 200	- 400	- 800	- 600	-1,500
Services	-1,900	300	600	-2,000	900	- 300	-2,700

*Figures represent changes from the previous month.

Where do we go from here? The short-term (balance of 1980) outlook for lumber and wood products is for very gradual improvement. The rest of the year will be spent in stabilization. Some of the plants that closed due to the current recession will never reopen because of their dependence on diminishing supplies of old growth timber o. their lack of modern efficient operating capabilities. However, many others that have survived the crisis are beginning to again open their doors with guarded optimism.

Over the long term the outlook is better. The status of the nation's housing industry, the one essential ingredient in determining the health of Oregon's lumber industry, is projected to surge forward as the bulge of children of the 1950's and 1960's move into home buying age. By this time next year, recovery should be evident, followed by another period of prosperity for lumber and wood products manufacturers.

It would be nice to end on the optimistic note of future prosperity. However, for literally decades Oregon timber products employers have struggled with changes affecting the structure of the industry. Mechanization, the use of computers and other efficiency oriented devices, is one example out of the past.

Earlier in this testimony I referred to the past dominance of timber products employment in Oregon's manufacturing sector. The nearly 50% share that lumber and wood products comprises of Oregon's total manufacturing employment of the mid-1960's is now estimated at only 32% in 1980.

Year	Manufacturing Employment	Lumber & Wood Products Employment (Excludes Mobile Homes)	Pct.
1950	138,000	80,000	58%
1960	144,400	71,900	50%
1970	172,300	66,800	39%
1980*	224,700	71,400	32%

*Estimated

Granted, a major part of that change is attributable to other "growth" industries such as the electronics sector. However, competition from southern and Canadian producers is also working to reduce the West's hold on the domestic market. Preservation of forest lands for recreation purposes in the predominantly publicly owned forests of the Pacific Northwest, plus a diminishing old growth timber supply, have combined to further dampen the forecast. Most employers will fare the current economic storm, yet changing conditions cast a shadow over the future, especially for those scattered local areas where permanent employment losses have occurred.

STATEMENT OF GARY BARKER, LABOR ECONOMIST, OREGON STATE EMPLOYMENT DIVISION

Mr. BARKER. Yes, sir.

My name is Gary Barker. I'm a labor economist in charge of current employment statistics——

Mr. FEINSTEIN. Excuse me, Mr. Barker. Would you please, for the record, state your full name?

Mr. BARKER. Sir, my name is Gary Barker. I'm a labor economist in charge of current employment statistics with the Oregon State Employment Division. I am here to provide statistical information on employment and unemployment in Oregon's lumber and wood products industry and to give a brief analysis of Oregon's economy as it relates to this industry.

Oregon's timber industry has historically been one of the dominant sectors of the State's economy. As late as the mid-1960's, lumber and wood products employment comprised nearly one-half of all manufacturing employment in the State. The timber industry, however, is especially vulnerable to national recessions and business downturns.

During the height of the 1974–75 recession, timber products employment plummeted by 17 percent over the previous year. Since that time, timber products employment gradually rose to near prerecession levels. However, beginning in the fall of 1979, the employment growth started to decay as the nationwide economy began to deteriorate. In November of 1979, mill shutdowns began to occur as the industry tried to bring production into line with the rapidly falling national demand.

Not until the spring of 1980 was the full impact of the slowdown in lumber and wood products felt. At that time, this impact was reflected in Oregon's seasonally adjusted unemployment rate, which moved from 6.7 percent in January to 9.5 percent in July. In the two previous years the rate never exceeded 6.9 percent in any month.

Although an unemployment rate for the lumber and wood products industry is not compiled, the Oregon Employment Division has compiled statistics on lumber and wood products layoffs starting in November 1979. At that time, approximately 4,200 people were laid off in the lumber and wood products industry. This level held through the end of March 1980, when the total jumped to nearly 18—excuse me, the total jumped to nearly 8,000. The layoff total then continued to increase until early May, when it peaked at nearly 17,000, with an estimated 184 plants affected.

The latest statistics available, and that's for August 3 to 9, indicate approximately 8,800 people continue to be laid off from an estimated 134 plants. While most of these layoffs are temporary, at this time 17 plants have announced permanent closures that will affect approximately 1,400 employees.

Employment statistics compiled by the Oregon Employment Division also indicate the effects of the recession on the lumber and wood products industry. In January 1980, there were 76,400 people employed in lumber and wood products, a decline of 2,100 workers from January 1979. By May 1980, there were only 60,900 people employed in lumber and wood products, a decline of 19,900, or a reduction of 25 percent over the previous year. The most recent statistics show

best copy available

that there is 67,500 people employed in the industry during July, still 16,100 below the year-ago levels.

Another indicator of the increasing unemployment among lumber and wood products workers is the number of such employees receiving unemployment insurance compensation. During the second quarter of 1980, lumber and wood products employees receiving unemployment insurance compensation averaged nearly 12,700 per month. This compares to a monthly average of 2,400 and 2,900 in the second quarters of 1979 and 1978, respectively.

While the lumber and wood products industry is currently showing signs of recovery, the ripple or spin-off effects are still gripping other sectors of the State's economy. Employment levels in most other major industries, especially those dependent on a healthy lumber and wood products sector, are well below their expected levels for this time of year. These declines, coupled with the earlier lumber and wood products losses, continue to depress Oregon's economy.

Where do we go from here? The short-term (balance of 1980) outlook for lumber and wood products is for very gradual improvement. The rest of the year will be spent in stabilization. Some of the plants that closed due to the current recession will never reopen because of their dependence on diminishing supplies of old growth timber or their lack of modern efficient operating capabilities. However, many others that have survived the crisis are beginning to again open their doors with guarded optimism.

Over the long term, the outlook is better. The status of the Nation's housing industry, the one essential ingredient in determining the health of Oregon's lumber industry, is projected to surge forward as the bulge of children of the 1950's and 1960's move into home buying age.

Mr. CLAY. Mr. Friel, I'm going to have to cut you off.

Mr. BARKER. Barker.

Mr. CLAY. Did I pronounce your name right?

Mr. BARKER. Barker. I'm Gary Barker. Mr. Friel couldn't make it.

Mr. CLAY. Oh, I'm sorry. You took his place?

Mr. BARKER. Yes.

Mr. CLAY. Let me ask you a question. In your summary paragraph there, you say that competition from southern and Canadian producers is also working to reduce the West's hold on the domestic market. Then you say,

> Preservation of forest lands for recreation purposes in the predominantly public owned forests of the Pacific Northwest, plus a diminishing old growth timber supply, have combined to further dampen the forecast.

Are we running out of available timber in the Northwest?

Mr. BARKER. Old growth timber, yes. That's true. And a lot of the forested land is land that at one time was accessible, and are now being held out for other purpoes, recreation purposes.

Mr. CLAY. Is there a coordinated plan to replant—is industry replanting at the rate that they are diminishing the supply?

Mr. BARKER. I think industry would probably be much better equipped to answer that, but there have been major efforts in reforestation.

Mr. CLAY. Major efforts?

Mr. BARKER. Yes.

Mr. CLAY. What are they? I mean, do you know what they are? What kind of trees they're planting, and for what purposes?

Mr. BARKER. I think the intent is to replant every tree that has been cut, and I think we're——

Mr. CLAY. The same kind of tree? Is it a certain kind that they would plant, say for pulp only, or——

Mr. BARKER. Not necessarily. I think it's essentially the same.

Mr. CLAY. The same kind that they cut down?

[Mr. Barker nods.]

Mr. CLAY. Fred?

Mr. FEINSTEIN. No questions. Thank you.

Mr. CLAY. Edie?

Ms. BAUM. No questions.

Mr. CLAY. Thank you for your testimony.

The next will be a panel consisting of Donald Bock and Mr. Hilyard. Welcome to the committee.

Mr. BOCK. Thank you sir.

Mr. CLAY. Let me ask you if you will summarize your statement. It will be included in its entirety in the record. We ask that you would summarize the statement for us.

[Prepared testimony of Donald Bock follows:]

pages tightly bound

Prepared Testimony of Donald D. Bock, Manager, Bay Area Chamber of Commerce, Coos Bay, Oreg.

On behalf of the 400 individuals and businessmen of my community who comprise the membership of the Chamber, I want to thank the Sub Committee for holding this hearing which affords us the opportunity to express our views on the proposed legislation, HR 5040.

Coos County Oregon, of which the community I serve is the financial and business center, has suffered extreme economic reverses during the past fourteen months. Our unemployment rate has gone from 6.6% in June, 1979 to 13.4% in June 1980. This results primarily from what we believe to be unreasonable and ill-conceived Federal Management and fiscal decisions on which we feel neither we or our elected representatives in Congress were consulted. We resent that fact because the results of those decisions have dramatically impacted our ability to provide for our families and to maintain the quality of life which the natural beauty and social structure of our area affords.

The wood products industry has historically been the cornerstone of our economy. That industry has been decimated by mismanagement decisions by the Bureau of Land Management and the capricious fiscal policy imposed by the White House. Our many mill closures and curtailments relate directly to these decisions made by agents of a Government too far removed to understand the impact of those decisions and unwilling to listen to those who are most adversely effected. Employment in the wood products industry has decreased from 5,380

people in June, 1979 to 3,660 in June, 1980 - a reduction of 1720 workers. If one converts that statistic into families, one begins to put the effects of government conduct into perspective.

Of the mills we have lost, only one was owned by a national corporation. The other national company operating in Coos County continues to operate under cooperative and productive agreements negotiated with its workers which spreads the available work equitably and accommodates intermittent layoffs in the woods and reduced mill production. The balance of the companies which have either found it necessary to close or curtail operations are all locally owned and managed. I say that to dramatize the fact that we are not talking about a governmental colossus confronting a corporate giant - we're concerned about a government sacrificing people to political expediency. We're talking about firms which have operated successfully for forty or fifty years with employees who have spent their entire working life with those firms. The management of those firms hasn't changed - neither have the employees. What has changed is their ability to compete in an open, unimpeded market. Government, with what we accept as the best of intentions, has changed the rules, and as a result, our firms are closed and our people are degraded.

These are good hard working people. They are proud of their work and their employment. We rob them of that pride when by our actions we force them onto the unemployment roles. In July of 1979, our state employment office reported 4,283 weeks unemployed claimed. In June, 1980, that figure is 12,907. With figures like these, this Sub Committee will surely understand that these workers no longer feel the need for the benevolent protection of Washington.

And now we come to HR 5040. A bill that says to the worker "despite our dismal record of the past, we are going to continue to protect you." The fact is that HR 5040 demands that a firm must give one year or more notice of closure

while ignoring the reciprocal requirement that the Government not play fast and loose with established policy - both management and fiscal. The mill closures and loss of jobs relate directly to Imperial decisions by Washington. And now we're offered more of the same when what we need are jobs, policies which encourage production, and assistance in establishing the means of that production.

Let's assume a scenario. If a firm, because of changing conditions, has a suspicion that it may not be able to continue to operate, it files such notice as is required by HR 5040. Immediately, its key personnel begin to look for employment elsewhere. Being key, highly skilled people, they find a comparable position with another firm and depart the troubled firm. Six months later, conditions improve so that the threat of closure is removed. But by this time, the key employees have moved on to more stable employment. How does the firm which has filed notice take advantage of the improved condition without key personnel? Have we, by the requirements of HR 5040 and resulting destabilization of the firm doomed it to ultimate failure? Or suppose the workers form a cooperative and buy out the firm with, of course, long term low interest government loans with the usual controls imposed in such situations. Let's say such tax - exempt cooperatives became fashionable, as they surely would (the something for nothing syndrome so ardently advocated by those among us who seek only to do good regardless of what it costs) what would happen to our tax base? With the loss of millions of tax dollars, how would we provide basic services?

No, gentlemen. The answer is not to be found in HR 5040. The culprit is not business, it's government - and the victims are the workers and a stable economy. You should not try to kill the source of employment, you should nurture it. Look to the root causes of the problem. It deserves more than cosmetic attention. There are still many of us who trust the old virtues of diligent effort, profitable business, job stability and pride in self. HR 5040 does violence to all those things and is destructive of the constitutional and social values which have sustained us for over two hundred years.

STATEMENT OF DONALD BOCK, EXECUTIVE DIRECTOR, COOS BAY CHAMBER OF COMMERCE

Mr. BOCK. First, let me say that we are happy to have this opportunity to come here.

I am Don Bock, and this is Doug Hilyard sitting on my left. Doug is the city manager of the city of Coos Bay, Oreg.

Coos County, which is the county we both serve, has suffered extreme economic reverses during the past 14 months. Our employment rate has gone from 6.6 percent in June 1979 to 13.4 percent in June 1980. This results primarily from what we believe to be unreasonable and ill-conceived Bureau of Land Management land managing and fiscal decisions on which we feel neither we nor our elected representatives in Congress were consulted.

The wood products industry has historically been the cornerstone of our economy. Employment in the wood products industries has decreased from 5,380 in June 1979 to 3,660 in June 1980, a reduction of 1,720 workers. I'd like to say in emphasis that of the mills we've lost—and we've been very critically hit, as a reduction of 1,720 will indicate in a small community—only one was operated by a national corporation. The other national company operating in Coos County continues to operate under cooperative and productive agreements negotiated with its workers, which spreads the available work equitably and accommodates intermittent layoffs in the woods and reduced mill production. The balance of the companies which have either found it necessary to close or curtail operations are all locally owned and managed, which makes an especially intolerable condition, frankly.

These firms have operated successfully for 40 or 50 years, with employees who have spent their entire working life with those firms. Our concern is that the management of the firms hasn't changed, and neither have the employees, and what we think has changed is the ability to compete in an open, unimpeded market.

We attribute a very large part of that, frankly, to what we consider to be ill-conceived consideration by forest management people, both private and public, and fiscal policies which we believe have adversely impacted us.

These are good people. We work very closely with them. It's interesting to note to the person who was addressing this panel before that I may say quite proudly that our IWA union is a member of our chamber of commerce, and we have an excellent working relationship; and so it's not always a matter of faith that the chambers are not useful and interested.

But at any rate, let me put for the record, in July 1979, our State employment office reported 4,283 weeks unemployed claims. That's eligible numbers of people times the weeks of eligibility. So that's 4,283, last year in July.

This year, in June 1980, that figure had risen to 12,907. Our frank thought is—and I must say to you, Mr. Clay, quite frankly, that we have not had an opportunity to read the bill and our comments are based entirely on what we read in the newspaper, so to the extent that we're incorrect, I hope you understand that.

But as we understand it, at any rate, the bill says essentially to the worker, "Despite our dismal record of the past, we are going to continue to protect you."

We understood that H.R. 5040 demanded that a firm give 1 year or more of notice, and ignored what we consider to be the very important reciprocal requirement, that the Government not play fast and loose with its policies of management.

I'd like to—and I won't burden you further—but I'd like to just assume a scenario that proposes that, if a firm, because of changes in conditions, has suspicion it may not be able to continue to operate, and files a notice as required under H.R. 5040; its key personnel begin to look for a job, and that includes millworkers, the people who work inside the plant.

These people are highly skilled, comparable—I mean, technical people, and they would have no trouble finding employment with another firm. In order to escape an unstable employment, it's logical to us that they might very quickly look out for another employment position.

Now, following this, let's say that the conditions which prompted the firm which filed notice to believe that it would ultimately close disappeared or improved to the extent that they now determine that they will probably be able to survive.

The question is: How do they do that, having lost their key personnel? And would they be able to just simply go out in the marketplace and get the kind of key people that they would need to maintain themselves?

In other words, we have some question about the effect of the bill, and if the filing might, in fact, doom them to an ultimate failure, even though the conditions change.

Mr. CLAY. But you would admit that there has to be some kind of a more serious accommodation than now exists. I mean, I can understand that, as you say, once the announcement is made, those who can get employment elsewhere will leave.

But, on the other hand, can you withhold that announcement until, say 72 hours or 24 hours before you close and still be fair to those who can't get employment?

Mr. BOCK. I don't know, and I understand it's a terribly complicated thing.

I think, my own personal judgment is that there are some very fundamental root questions that need to be addressed, particularly in the wood products industry, and that I would prefer to see those things addressed, for example, ahead of a policy or law being enacted of this nature.

For example, within organized labor itself, there is a very great disagreement between the woodworkers, for example, and longshoremen, with respect to the effects of the export of logs; and there are people who will tell you that the man-hour ratio between mill production and export is 7 to 1.

Well, if that's true, I would like to see the Congress, frankly, or somebody, study that, because I'm—I don't know what to believe, and I'm sure very few other people do, because every time the issue is discussed, there are quotations from the woodworkers, and then there are followup quotations from people who are in the longshore export business.

In each case, obviously you're talking about jobs. but it seems to me that it's a fundamental question that needs to be addressed that this doesn't.

The other thing is that the unfair competition of the Canadian National Railroad, which by its rate structure, precludes any possibility for us to really expand or even be a smalltime participant in the eastern market of this—of our own country. We simply can't compete.

Mr. CLAY. You mean they ship cheaper than the American railroads?

Mr. BOCK. They ship Douglas fir into the eastern markets, and I can buy a Douglas fir stud in Montgomery County, Md., where I came from when I moved out here, cheaper than I can buy it at the millsite in my own community.

Mr. CLAY. Because of the railroad?

Mr. BOCK. My understanding is the costs of transportation.

Mr. CLAY. Of course, the railroad industry has to be the most heavily subsidized in this country.

Mr. BOCK. I think that's the thing that gives me real pause, is the recognition that it is; and yet, somehow, despite that fact, everybody I've ever talked to, whether it be management, or worker, or employer, has told me very consistently that we are not able to compete on the eastern seaboard because of a rate structure.

And I just simply think that I would feel much more comfortable, whether it be H.R. 5040, or, you know, H.R. 5041, or whatever, if we really did try to address some of these things.

I'd like to have a consistent, predictable policy by forestry management. I think that there's a proper role for the Government to establish policies for reforestation and other things, clearing of slash and all that, that should apply to Federal lands, which we have an overabundance of in this country, as well as private.

Mr. CLAY. Fred, do you have any questions?

Mr. FEINSTEIN. No.

Mr. CLAY. Edie?

Ms. BAUM. No.

Mr. CLAY. Well, we certainly want to thank you for your testimony. Do you have a statement?

STATEMENT OF DOUG HILYARD, CITY MANAGER, CITY OF COOS BAY

Mr. HILYARD. Yes. I have not given a written statement, but I did want to make a couple of comments.

As city manager of what is Oregon's largest coastal community, I was asked to come and act as a resource person. I will do it briefly.

Counsel did not have a chance, timewise, to review the particular legislation, and so we do not have a particular position for or against this legislation.

What we want to give may be a little different view than what you've heard here today, from the standpoint of—the perspective of what happens in the city, and what we do, when we are faced with either a temporary, or say, a permanent plant closure.

First of all, let me explain to you the Oregon system. In Oregon, people actually vote on their local budgets, and I find that fairly new. You come from the same part of the country that I come from, Mr.

Clay, where frequently they don't have this sort of situation, so when you have a situation like this occur, what happens is, the voters most likely will vote something down. In other words, they're trying to save dollars, and your local government—the services at the local government level will start to fall.

So, you generally have a loss of face in the community. One of the first things that will occur is a loss of attitude.

But the people will be there, and a lot of the government services levels that they expect—the fire protection and the police protection—may actually need to grow during those periods, but there is no ability for us to provide for these.

Most of our budgets are out of property taxes; we have no sales taxes or so forth like that here.

So, our physical facilities will fade, not only in the mills, the facilities, but people will not maintain their homes. You will have decay or slum conditions start to begin to develop.

Mr. CLAY. You know how much money the Federal Government puts into home rehabilitation through the block grant program. So this compounds our problems.

Mr. HILYARD. OK. The other problems we have, once we go through something like this, we start to, at the local level, say we've had this, we start to begin to look at what our options are to do. What kind of planning are we going to undertake to bring these people back into an employed situation? What can we do, as the local government?

We're immediately faced with a problem. Everybody's looking for a quick fix, too, and there is no quick fix at the local level.

New industrial sites, new industrial plants, do not occur overnight at all. They take time and wish to occur. We go to the Federal Government. We look for economic development assistance money from the Economic Development Administration, from the Department of Commerce. We go to HUD. We go to Economic Development money.

One of the problems that we will immediately face, a community in this area, that has gone through a plant closure, that they'll say, "OK, do you have someone lined up who will come in?" If you do there's a 10 percent local participation.

We may not have that. We may be in a situation where we do not have the local shares, so we are hit doubly hard in that area. And in fact, we go back to the problem of lack of faith that the people may feel in the community. They may be unwilling to also put that up.

But I think some of the things that we're saying to you is that you ought to look frequently sometimes within yourself, in terms of some of the requirements of these grants to help communities that are going through this, that they may be in a position to be waived.

Also, there is, I think, an economic planning situation here, that there is a leave time in which to create new jobs and create those and have no investment.

I do believe in general, Mr. Clay, that there is a tremendous opportunity here in which some of the new industries, the high technology industries, the new petroleum—not petroleum, but energy industries that are going to be particularly assisted through some of the tax credits and also through the windfall profits tax, can be targeted into these depressed areas throughout the country; that they maybe ought

to receive a high priority for the placement of these facilities, not only as they relate to the supply and raw materials for these plants, but also for the export of some of these materials.

Thank you, Mr. Clay.

Mr. CLAY. Thank you.

Did you have anything?

Ms. BAUM. No.

Mr. BOCK. I have a letter I'd like to leave with you from the president of our community college.

Mr. CLAY. Is it for the record?

Mr. BOCK. Yes; it is for the record. He did not know to make 15 copies, so——

Mr. CLAY. That's OK. We'll have it inserted.

[Letter referred to above follows:]

SOUTHWESTERN OREGON COMMUNITY COLLEGE,
Coos Bay, Oreg., August 14, 1980.

Hon. WILLIAM CLAY,
Chairman, Labor and Management Relations Subcommittee, Education and Labor Committee, U.S. House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE CLAY: There have been three major economic recessions in southwestern Oregon in the past 15 years. Each recession has involved production cutbacks, shutdowns or plant closures in our lumber and wood products industry.

The recessions have had two principal effects on our community college: (1) Enrollment has increased significantly as people come to us for assistance to upgrade job skills and knowledge to seek new employment; and (2) there is increased demand for student financial aid to enable them to attend classes.

We believe that in times of economic recession that all types of student financial aid should be increased. The cuts in federal financial aid programs this year have hurt our students and our community. We also feel that some tax incentives for business and industry to promote education and training of the work force would have long term benefit. Education and training will help to improve productivity and improved productivity will, in turn, increase availability of investment capital and decrease the inflationary spiral.

Our area needs jobs and industrial diversification. We need improved federal policy and management of our human and material resources. In our area that means increased concentration on research, development, and management of the forest and the sea.

In the past 19 years our community college has assisted over one thousand people to "graduate" from various public assistance programs (welfare, rehabilitation, CETA, etc.). The taxes they have paid since entering the work force have proved the worth of the investment in education and training programs.

Sincerely,

JACK E. BROOKINS,
President.

Mr. CLAY. The next witnesses will be Jerry Lantto and Frank Kimbrell.

The REPORTER. Mr. Clay, we'll need to take another break here.

Mr. CLAY. I'm sorry. The committee will take a 10-minute break.

[The hearing recessed at 12:42 p.m., and reconvened at 12:55 p.m.]

Mr. CLAY. The hearing will come to order.

Your entire statement will be included in the record. We ask you to summarize it.

Mr. LANTTO. OK, Mr. Clay. I just have a short statement here.

Mr. CLAY. If it doesn't exceed 5 minutes time. I'll have to rap you off in 5 minutes.

Mr. LANTTO. OK.

STATEMENT OF JERRY LANTTO, PRESIDENT, REGIONAL COUNCIL, IWA, COOS BAY, OREG.

Mr. LANTTO. My name is Jerry Lantto. I am the field representative for IWA Local 3-116, Coos Bay, Oreg.

My local union has had two plants closures in the last year. Georgia Pacific shut down their Coos Bay plywood plant in August 1979, and 200 members lost their jobs. In January 1979, Al Pierce Lumber Co. closed their sawmill after 33 years, and 106 employees were put out of work. Out of the 306 employees who lost their jobs, a very small percentage has been able to find work in the local community. A higher percentage have had to move to other parts of the State or country in hopes of finding a job. These people leave behind their homes, families, friends, and roots they have grown for many years.

But probably the biggest share of these people remain in the local area, and their only income is unemployment compensation, food stamps, or other public assistance programs. Most of those have exhausted their 26 weeks of Oregon State unemployment benefits, and either are drawing unemployment benefits under Federal extension for 13 weeks, or no longer qualify.

Talking to many of these members, they have been forced to use up what savings they have been able to accumulate over a number of years to meet the financial obligations they have.

Both companies, Georgia Pacific and Al Pierce Lumber Co., gave less than 2 months' notice of their intent to close these plants. This gave our members no time whatever to prepare themselves financially or emotionally for this dramatic impact.

Many members, not suspecting or knowing such action was being planned, made financial obligations in various things, cars, or even homes. Since closure they cannot meet these obligations, and have lost what they invested.

Many of these members have their homes up for sale, and plan to use this money to seek work in other parts of the country.

Most of those members 62 years of age or older have taken early retirement under social security and union pensions. In doing this, they take a reduced rate under social security, and give up additional benefits that could have been earned on their union pensions.

We have those members that are age 50 and older, but less than 62, that do not qualify for early retirement under social security, and are of the age that makes it very difficult for them to find employment.

Most of these employees would be skilled only in jobs related to the wood products industry, and lack the financial ability to gain the schooling or training needed to enter some other profession.

The Coos Bay/North Bend area has also felt the financial impact of the closure of Hillstrom's Shipbuilding, and the loss of 150 jobs; the closure of the Hub Department Store, another 100 jobs; the partial closure of the Weyerhaeuser plywood plant and the temporary layoff of 200 employees; the temporary closure of Cape Arago Lumber Co., around 100 employees have been laid off for 4 months. This area has suffered temporary layoffs of up to 2 months at most all of the lumber companies in the area. This has had a very serious effect on local and State government that depend on these types of jobs that pay a substantial wage to support their tax base.

In the short period of time given to negotiate the closure of these plants, the local union was able to secure severance pay for the Al Pierce employees, but when these same employees filed for unemployment benefits, the State of Oregon prorated the severance pay, and they were denied benefits for a number of weeks, dependent upon the amount of severance pay they received. Georgia Pacific Corp. agreed to a preferential list of their other operations in the area, and plants at other locations, which placed a small amount of these employees that lost their jobs. Georgia Pacific would not agree to severance pay. They felt this was not a legal or a moral obligation.

We urge the committee to pass comprehensive legislation on plant closures.

Mr. CLAY. Thank you.

Would you care to make a statement?

Mr. KIMBRELL. Thank you, Mr. Clay.

I don't have a written statement, but I'd like to maybe elaborate on what Jerry here has said.

STATEMENT OF FRANK KIMBRELL, PRESIDENT, COOS BAY LOCAL, IWA

Mr. KIMBRELL. I'm Frank Kimbrell. I'm the president of the local IWA 3116 in Coos Bay.

This is true, that that's been happening in the Bay area, and it's also—as far as working into our economy on the fishing on the coast, it's having a devastating effect along the coast in our fishing industry, also.

So, with all that comes out in this hearing, when the subcommittee—I hope that somewhere along the line that we can come up with some kind of a bill that will fit all of our needs, as well as management and labor, and benefit mankind as well.

Mr. CLAY. All right.

Mr. KIMBRELL. And thank you, Mr. Clay. That's all I have to say.

Mr. LANTTO. Mr. Clay, could I make one more comment, sir?

The employer who represented the employers made the comment, as far as notification, the difficult decision that would be. I think that in the case of Georgia Pacific Corp., that we lost the plywood plant on, I think that decision could have been arrived at and probably was arrived at, at a much earlier date than it was given to the local union or to the employees.

In fact, some of those employees, the press got the notification at the same time we did, and a lot of them learned that they had lost their jobs through the press, and not even through the local union.

But I'm sure, in Georgia Pacific's wisdom, they knew what their timber supply was, as far as that area was concerned, and they knew it a great length of time before the announcement of the closure of that plant; and that is not a difficult decision to make.

Mr. CLAY. No; I'm sure it's not.

When you talk about these hundreds of people who lost their jobs, and had to put their homes up for sale, are there any buyers for homes in this area with such a high rate of unemployment?

Mr. LANTTO. Those that sold early were fortunate in selling some of their homes, but here of late it's almost impossible to sell a home in the Coos Bay area.

Mr. CLAY. So the people just lose them?

Mr. LANTTO. I don't know, Mr. Clay. I know there are some of them that have turned their homes back in that have lost them, on a couple of occasions.

I don't know what's going to happen to the rest of them. I think the impact of what's going on now, where some of our members are running out of unemployment benefits, I'm sure it is going to happen.

Mr. CLAY. You mentioned severance pay. What amount do they receive?

Mr. LANTTO. Well, of course, under Georgia-Pacific there was no severance pay. The local union did not have in the contract, or the position to negotiate to force G.P. to pay it.

Now, under the Al Pierce, it would run anywhere from $500 to $1,500.

Mr. CLAY. Depending on the number of years?

Mr. LANTTO. The length of service, yeah.

Mr. CLAY. And of course, you can't draw unemployment until you spend that?

Mr. LANTTO. They prorated it out and denied somewhere between 1 week to 3 or 4 weeks.

Mr. CLAY. And the pay was taxable income?

Mr. LANTTO. Taxable income, yes, sir.

Mr. CLAY. Now, those who had reached 62 and took a reduced social security and reduced pension from the firm, what would the compensation be?

Mr. LANTTO. Well, under the union pension, those under age 62 wouldn't take no reduction. Well, of course, they lose. Anywhere up to 7 years of additional benefits could have been tacked on top of that, but it actuarially cut down on the rate under the union pension, and of course, they do take a reduction under social security for an early retirement.

Mr. CLAY. Edie?

Ms. BAUM. No questions.

Mr. CLAY. Well, thank you for your testimony.

Mr. LANTTO. Thank you.

Mr. CLAY. The next witnesses will be Manual Siezerras and Jim Tichgelaar.

Only one?

Mr. TICHGELAAR. Mr. Sierras isn't here. I have not seen him all day.

Mr. CLAY. Your entire statement will be included in the record. You may proceed.

[Prepared testimony of Jim Tichgelaar follows:]

Prepared Testimony by Jim Tichgelaar, Former President, United Steelworkers Local No. 8175

Chairman Clay, members of the committee:

The testimony I will give today is not one containing a great amount of statistical information, instead it is a look at a plant closure through my experience as a local union officer and a worker in a plant that has closed; that plant being Gilmore Steel's Direct Reduction Division which closed its doors June 13, 1980. It would take many hours to relate the entire experience. So what I will do today is give a brief summation of the closure.

In October of 1979, our Local Union was putting together our contract proposals for our upcoming negotiations. The contract was due to expire February 24, 1980. Some time in the second (2nd) week of October the company called in the grievance committee and our International Representative and announced that the plant would be closing. This, of course, shifted our aims for negotiating an agreement geared to a normal three (3) year contract to one of seeing what we could salvage in the short time until shutdown. Our negotiating position was one of great weakness and we realized we were basically in a prayer meeting situation. We eventually negotiated an agreement.

After looking at the immediate problem of negotiating an agreement which would protect us as we saw best. We then began looking at methods to keep the plant running. The reason the company had given for closure was the cost of natural gas. This cost had escalated from .04¢ per therm to 41.6¢ per therm in a period of 8 years. I first talked to Jim Beeson, Vice President of the Corporation asking if cheaper gas could be supplied if the company would be interested. He said yes. The aim of our union members and their wives was to attempt to obtain gas from the newly discovered "Mist Field" which would not be subjected to Canadian pricing influence. We then, with the approval of the plant manager, Leonard Hollenbeck, began pursuing natural gas using a price of .30¢ per therm. Which seemed most appealing to the company.

The rational of looking for this price break was that we used natural gas as a chemical feedstock in 70% of our process and could not replace it with any other available source. The other 30% was used for heat value only and under our proposal the price would rise at market level. After several meetingswith the various parties involved a meeting was set up for the final negotiations with all these people at one time. The price in all discussions was still .30¢ per therm. All parties were aware of this price. The problem remaining was to clear the hurdle of a possible suit if the P.U.C. okayed a new user rate. This problem was discussed previously between the union and the company. When we sat down at the joint meeting the company representative asked for a price of .20¢ per therm.The request was clearly unreasonable as that price is not available anywhere in North America.

It would seem to me that the company was in bad faith in all discussions. One of our people said this act was "Corporate Blackmail". I disagree with this as I feel it was corporate insensitivity and irresponsibility. The reason I feel this is that prior to the announcement of closure the company did a 6 month study about rising costs. At no time did they consult the union, as the representative of the workers, that closure was even being considered. Had we been involved in the process, maybe we could have assisted an effort to keep the plant open. It seems that corporate decisions are made in a vacuum that excludes the input of the workers and their duely elected representatives. Other problems involved in the closure are included in written testimony provided to the committee.

Formal Testimony by Jim Tichgelaar, Former President, United Steelworkers Local No. 8175

Chairman Clay, members of the committee: The testimony I will give today is not one containing a great amount of statistical information, instead it is a look at a plant closure through my experience as a local union officer and a worker in a plant that has closed; that plant being Gilmore Steel's Direct Reduction Division which closed its doors June 13, 1980. It would take many hours to relate the entire experience. So what I will do today is give a brief summation of the closure.

In October of 1979, our Local Union was putting together our contract proposals for our upcoming negotiations. The contract was due to expire February 24, 1980. Sometime in the second (2nd) week of October the Company called in the grievance committee and our International Representative and announced that the plant would be closing. This, of course, shifted our aims for negotiating an agreement geared to a normal three (3) year contract to one of seeing what we could salvage in the short time until shutdown. Our negotiating position was one of great weakness and we realized we were basically in a prayer meeting situation. We eventually negotiated an agreement,

The weakness of our position was made greater by our lack of knowledge of the overall financial picture of the Company, something that is asked for in the proposed legislation.

pg. 2 - continued
Tichgelaar testimony

We also negotiated severance pay in the amount fo $10.0309 per month of service. This formula meant my eight (8) years of service were worth $962.96 before taxes. We also negotiated provisions for transfer and assistance in job placement. Job placement has not been good and only about thirty-five percent (35%) of the workers off, due to this closure, have found other jobs. As President of the Local throughout this process, and including now, many of the employees have looked to me for help and guidance.

This has happened at all hours of the day and night. I have gotten phone calls in the wee hours of the morning from men drunk and frustrated wanting to know what they can do. It is personally frustrating to have absolutely no answers to their questions. The legislation proposed, would turn this chaotic type situation into what we would hope to be an orderly process geared to providing substantial answers to the problems of closure.

As an individual the closure has been a financial disaster. My rate of pay when the plant closed was $10.96 per hour. My job was a metalizing reduction furnace operator. This is a highly skilled and complicated job, however its value in the market place are nil. There are only two (2) other plants like our in North America and none of them are in Oregon. My current pay is $138.00 unemployment compensation. Another two (2) months of this and I will lose my home which we purchased in August of 1979. The rights we negotiated with the Company as to employment in other divisions have so far proven to be not worth the paper they are written on; as Gilmore currently has some one hundred and fifty (150) employees on lay-off and the economy is looking

worse. At forty-one (41) years of age I have drawn my first three (3) weeks of unemployment compensation and gentlemen, I sincerely hope I don't draw much more. I have always been a good working employee for any company which has employed me and will continue to be one when I find other decent paying employment.

In closing let me say that the bill proposed is not meant as a penalty to companies who are responsible members of our community. On the other hand it is geared to penalize the irresponsible. As citizens we are expected to be responsible members of our communities, if we are not, we pay the penalty for irresponsiblity. I think it only fair that this standard apply to the community as a whole.

I realize the testimony I have given is very brief and it is meant to be. This will give me an opportunity to respond to any questions from the committee and allow others here to be heard on this very serious issue.

Thank you Chairman Chrest and members of the committee.

STATEMENT OF JIM TICHGELAAR, FORMER PRESIDENT, UNITED STEELWORKERS LOCAL NO. 8175

Mr. TICHGELAAR. Chairman Clay, members of the committee, the testimony I will give today is not one containing a great amount of statistical information; instead, it is a look at a plant closure through my experience as a local union officer and a worker in a plant that has closed; that plant being Gilmore Steel's Direct Reduction Division, which closed its doors June 13, 1980. It would take many hours to relate the entire experience, so what I will do today is give a brief summation of the closure.

In October of 1979, our local union was putting together our contract proposals for our upcoming negotiations. The contract was due to expire February 24, 1980. Sometime in the second week of October the company called in the grievance committee and our international representative and announced that the plant would be closing. This, of course, shifted our aims for negotiating an agreement geared to a normal 3-year contract to one of seeing what we could salvage in the short time until shutdown. Our negotiating position was one of great weakness, and we realized we were basically in a prayer meeting situation. We eventually negotiated an agreement.

After looking at the immediate problem of negotiating an agreement which would protect us as we saw best, we then began looking at methods to keep the plant running.

The reason the company had given us for closure was the cost of natural gas. This cost had escalated from 4 cents per therm to 42.6 cents per therm in a period of 8 years.

I first talked to Jim Beeson, vice president of the corporation, and asked if cheaper gas could be supplied, if the company would be interested. He said yes. The aim of our union members and their wives was to attempt to obtain gas from the newly discovered Mist Field, which would not be subjected to Canadian pricing influence.

We then, with the approval of the plant manager, Leonard Hollenbeck, began pursuing natural gas, using a price of 30 cents per therm, which seemed most appealing to the company.

The rationale of looking for this price break was that we used natural gas as a chemical feedstock in 70 percent of our process and could not replace it with any other available source. The other 30 percent was used for heat value only, and under our proposal the price would rise at market level.

After several meetings with the various parties involved, a meeting was set up for the final negotiations with all these people at one time. The price in all discussions was still 30 cents per therm. All parties were aware of this price. The problem remaining was to clear the hurdle of a possible suit if the P.U.C. OK'd a new user rate. This problem was discussed previously between the union and the company.

When we sat down at the joint meeting, the company representative asked for a price of 20 cents per therm. The request was clearly unreasonable, as that price is not available anywhere in North America.

It would seem to me that the company was in bad faith in all discussions. One of our people said this act was "corporate blackmail." I disagree with this, as I feel it was corporate insensitivity and irre-

sponsibility. The reason I feel this is that prior to the announcement of closure, the company did a 6-month study about rising costs. At no time did they consult the union, as the representative of the workers, that closure was even being considered. Had we been involved in the process, maybe we could have assisted an effort to keep the plant open.

It seems that corporate decisions are made in a vacuum that excludes the input of the workers and their duly elected representatives.

Other problems involved in the closure are included in written testimony provided to the committee.

And I would like to address a couple of statements in answer to some things that have been said today, and also a change in the situation of our plant.

The company had overcapitalized itself in an expansion program approximately 4 years ago. It spent itself almost into oblivion. They announced Thursday that they had sold our warehousing equipment and were going to run strictly a steel facility at this point in time, only the steel mill itself.

The company is still in serious financial problems. We don't know what the sale of it is going to do; we don't know what the sale of the saddling facilities will do, whether that will put them back into the financial picture of being able to run a viable corporation.

They are not entering into any discussions with the local union that still exists, their local 3010 of the United Steelworkers, as to what the future or intent of that corporation is.

Second, on the subject of transfers, which is something that has been talked about, we negotiated transfer rights in our agreement, but those transfer rights were to the steel mill itself, and they have 121 people on layoff right now, contemplate another 190 to the period of the end of this year, at which time they will have no transfer rights.

The other problem is that, under current law in the State of Oregon governing closed shops, that we couldn't negotiate any other agreement into, say, Reynolds Metal, which is represented by Steelworkers, because that employer wouldn't employ us because we were steelworkers coming out of a steel mill, and that would be a violation of the closed shop law, then; so there are serious limitations to that end, too.

Mr. CLAY. What's the name of this company again?

Mr. TICHGELAAR. Gilmore Steel Corp.

Mr. CLAY. That's the one that's going out of business?

Mr. TICHGELAAR. Yes.

Mr. CLAY. And how many people are affected?

Mr. TICHGELAAR. The total was 140, a $3 million annual payroll, and the spinoff factor was about 5 to 1; hiring services. The cost of natural gas in 1979 alone was $90 million.

The percentage of work, the percentage of costs per laborer in the factory I had figured running as low as 6 percent per ton of product, to as high as 12 percent, and these were corporate figures, so I would say that probably the truth lies somewhere in between.

Mr. CLAY. Were they making money, or what——

Mr. TICHGELAAR. Well, we were a feeder plant. So you have to look at whether they were making money at the end of the process.

Now, what has happened in the Portland area since our plant has gone down is that the scrap market prices have skyrocketed. When the company gave us our 5-year projections, they gave a gas slide that looked like this, based on what had happened.

Due to the Canadians, because 60 percent of the natural gas in the Northwest is acquired from Canadian fields, and the price of scrap like this, well, since that time the price of scrap is now matching the prices of pellets, because there's no competition.

Mr. CLAY. Fred?

Mr. FEINSTEIN. No.

Mr. CLAY. Edie?

Ms. BAUM. No.

Mr. CLAY. Thank you.

Mr. TICHELAAR. Thank you, Mr. Chairman.

Mr. CLAY. The next witnesses will be Bub Schmidt, Rev. Ned Landis, Fred Hulett, and Kay McCurry.

Welcome to the committee.

Mr. LANDIS. Thank you.

Mr. CLAY. All of your statements will be included in the record.

Mr. LANDIS. We don't have any written statements.

Mr. CLAY. No written statements? Then you may proceed as you desire.

STATEMENT OF REV. NED LANDIS, WILLAMINA, OREG.

Mr. LANDIS. I'm Ned Landis, and I'm the pastor of a church in Willamina, Oreg., where we all are from. We are wanting to establish a co-op. Champion Plywood went down this spring permanently, and we have been working in the last 2 months to begin to form a co-op if at all possible.

Since I'm the pastor of the church, I think that what I will give you, sir, is an overview of what I've seen going on, and the social destruction. I'm sure you've heard about and seen it before, but it's always more personal.

When I came to that community 2 years ago, people were proud. They were proud to be workers, they liked what they did. It was a very stable community, as far as mobility was concerned. When people came, they stayed, because they had jobs, they had been in the community from 5 to 40 years.

And the kind of sadness and depression that has occurred since the layoff is unbelievable. Part of my function is to also be the chaplain for the Willamina Police Department, and I'm involved in most of the social kinds of calls that the department gets.

This is a town of 1,400 people, one of the smallest communities in the county, and yet it's the third busiest police department in the county.

In a town of 1,400 people, in the first 2 years I was there, we had one suicide attempt. Since July, we've had three suicide attempts. We were able to save all three of those people.

Currently in Yamhill County, which has a population of 55,000, there are 6 active child-abuse cases; four of them are in Willamina.

A year ago, July 1979, there were four reported fights in the local taverns, no arrests. Since July of this year, there have been 12 fights in the local taverns and 8 arrests.

The number of bad checks a year ago were two per month. Currently there are 25 bad checks a month, on the average, and these bad checks are the kind that get turned over to the police department, not the kind of things that storeowners would have to resolve.

I'm concerned when management of the Oregon industries talks about people as a commodity. They're not a commodity. They have made lives, they've committed themselves, most people that I have known in my ministry were loyal to the company of Champion and wanted to do a good job.

But perhaps in other parts of the country, and perhaps in different kinds of socioeconomic classes, people have great mobility. People who work in plywood do not. They move into this mill, and they stay, and I guess the same thing would be true in Detroit, or Youngstown, or anywhere else, that people don't move around as greatly as others would like us to think.

Although people with capital may be able to make choices about where they will invest their money and so forth, the workers are never consulted. The labor-employment association may be voluntary, but until we have some sort of legislation, the ability to work will not be voluntary. When the mill closed down, these people were told about it a couple of days in advance. And that's the end of it.

I was told when I came to Willamina 2 years ago, by the superintendent of a sawmill, he said, "You watch. In 2 years Champion's going to close that mill forever." The knowledge was there among management-type people that the mill was going down 2 years ago, but the workers didn't know it until they were laid off.

It's entirely possible to predict when it will happen. At least, Champion has the reputation of coming into an area, taking the trees, cutting them down, and not replanting; just going away.

I might also add, as my own personal statement, that Federal lands are not being reforested as they ought to be, because Mr. Carter has cut back that part of the budget, so that trees are not being replanted at the same rate.

You were asking about the kinds of trees they plant. They plant a commercial tree. They don't plant the older growth; that doesn't happen.

Mr. CLAY. When you recite all of the social disruption in your community, bad checks, excessive drinking, et cetera, and all that, it leads me to believe that there is some truth to the statement that crime, et cetera, is integrally related to lack of employment. Would you agree with that?

Mr. LANDIS. Yes; very much. The local grocer, I asked him if he would come today. He couldn't, but his shopliftings, he said, are just out of hand. They can't keep track of that kind of thing, but he's just appalled. But also, the people who are doing the stealing, he's known them for a long time, and has trusted them. He doesn't take checks from just anybody, either, as things are beginning to happen.

And of course, there's the old ingrained Oregon pride of not being on welfare, and the kind of discrimination that that has traditionally had, and people are—what I'm concerned about is that when people

find out they can't get jobs again, they feel that they are somehow responsible, and the people with Champion don't take that into consideration.

Well, I care about my people, and they feel guilt, and they feel responsible. Somehow, we may be able to form a co-op. As long as the economics are difficult, we don't know what we're doing. But these folks want to work, and we're trying to do what we can to create a co-op.

Two of the other people here——

Mr. CLAY. Yes. We had a witness earlier that felt that the Government should keep its nose out of the affairs of the people.

Do you believe that in a nation as rich as this one that we have not only a legal, but a moral obligation to provide our people with jobs and decent housing, and sufficient food?

Mr. LANDIS. Absolutely, sir. I wish I was in your district.

Mr. CLAY. Thank you, Ms. McCurry?

STATEMENT OF KAY McCURRY, MILLWORKER, WILLAMINA, OREG.

Ms. McCURRY. All right, sir.

Besides informing you that a critical situation has been created by the sudden permanent closure of the Champion Plywood operation in our town of Willamina, leaving almost 300 workers like myself without jobs and very little hope of permanent employment near our homes, I would like to cite two instances in our town and to ask two questions.

No. 1, is a young man with a growing family, who owns our local department store. It is a good store, with name brand merchandise at reasonable prices, and was patronized by many people in surrounding communities.

Last fall, when business was good and the risks small, he financed to enlarge his store and increase stock by 50 percent. Now, with the closure of the mill and the devastating results, he is in a severe financial crisis.

If he had known last fall about the intended closure, his risk would have been too great, and he would not have taken this chance with his future.

Big business disregarded the effects that their actions had, not only on the workers, but on small business, too.

Another account is also of a young man with a family who, right after the mill closed permanently, wrote five letters to various Members of Congress and the Office of the President. Only Senator Hatfield took time to give us a direct response.

The letter to the President went to the Department of Labor, then to a regional office in Seattle. From there he received a letter directing him to his local unemployment office.

That young man may have helped precipitate our being here today, and we thank you also, as long as we do not get lost in the shuffle.

Now, I would like to ask, could this bill, with investigation by minds more educated than these minds, include requiring a type of closure insurance, paid for by the employer, such as a pension plan or any other type of labor insurance, an example being accident?

Perhaps this in the long run could cost labor less than the large amounts they spend in lobbying against this bill.

Question No. 2 is more immediate. Is it a Federal law that our severance pay be taxed twice? We have been taxed by the IRS, and pay State taxes, which is understandable payroll deductions. Then we have had a percentage as high as 5 weeks held against our unemployment insurance.

For example, one man with two dependents was entitled to $1,500 in severance pay. After taxes, he received $1,183. He was told that he owed unemployment 5 weeks from the total amount, which cost $635. The amount in severance pay he actually received was $548, for over 30 years of employment in the same mill.

Does that happen everywhere? I understand it does not in Eastern States. Or is this just an administrative directive here in Oregon?

If there is to be Federal assistance included in this bill, such conditions as the above will have to be fairly handled for the unemployed worker.

As Ned told you, many of the unemployed workers from the plant now are working under severe financial conditions to try and form a co-op and buy the mill, and possibly put quite a number back to work. If we had known about this permanent closure before it happened, we possibly could have had much of the organizational work done, and with that accomplished, had a minimum transitional period; and perhaps avoided the devastating impact on the large area which this mill closure has done to the lives of the people involved.

I would like to comment, too, on something the gentleman said about, he stated that three groups make a choice to enter industry.

Of the three groups, managers, investors, and workers, only the worker does not truly have a choice in the venture. He must take a job where he can find it, after the managers and investors make their choice.

Also, he does not have a choice when the investors and the managers withdraw from the work in the community.

Mr. CLAY. Well, let's see if we can answer some of those questions. I'm going to ask one or both of the staff counsels to answer the one about the inclusion of a closure insurance, and also, the one concerning the taxation of the severance pay.

Mr. FEINSTEIN. I would just say briefly that I think it's a very intriguing question, one that we will certainly look into.

There are certain elements within the bill which are in effect a type of insurance. The bill does state that when a plant closes, after all efforts to save a plant have failed, there are certain requirements including severance pay, job training, and transfer rights; which in effect are a form of insurance, but perhaps they're not as direct a form of insurance as might be included. As I say, I think it's an intriguing question, one that we will certainly look into.

As to the second question, I'm not sure I followed the question completely, but the issue of the unemployment insurance offset, I believe is a question of State law.

Mr. CLAY. Unemployment compensation?

Mr. FEINSTEIN. Right. Whether or not these types of severance benefits are taxed under State law is a matter for the State legislature, but here too, I think, you have raised important questions which we will most certainly take a close look at.

Ms. McCurry. Thank you.

Mr. Clay. Edie, did you have any comments on it?

Ms. Baum. I believe that H.R. 5040 doesn't cover health and benefit plans, but I believe the Senate bill—the Williams bill does. But it's only a continuation there, I think for a period of a year.

Mr. Clay. Yes?

STATEMENT OF BUB SCHMIDT, DIRECTOR, MARION/YAMHILL COMMUNITY ACTION PROGRAM

Mr. Schmidt. My name is Bub Schmidt, and I'm the executive director for the community action agency of Yamhill County. The community action agency has been working with the workers in Willamina to try to organize some way of getting back to work, reopening the mill.

I would like to list off some of the ways that the Champion case is a classic example of what this bill is hoping to address.

One, is that they announced a temporary closure, laying off millworkers, and waiting 2 months to announce that it would be a permanent closure, 2 months that could have been used for organizing and trying to find funds to start—more like 2 months that used up 2 months of their employment benefits.

Another example is that there was a year's supply of logs in the pond at Willamina, and they could have run that mill for another year. Instead, they trucked those logs to Lebanon and Hood River.

Another example is that they made—out of the Willamina plant, they made $700,000 in 1979, and that wasn't enough money. They still closed it.

Another example is that they knew, they went on record with a policy of closing factories where they did not have ownership of the land that they were cutting the logs off. It is a management policy decision that they made, and they knew that they were going to be closing the Willamina plant.

Another thing that this is going to help is to establish things like local ownership and cooperatives, that could run profitably there.

Champion had cut the logs off of their property and off the plant, every land that was available to them, partially because of the set-aside for smaller corporations, smaller companies. There is timber available there, and so a company employing less than 500 people could operate profitably in the area.

But what we're up against there is people running out of unemployment benefits, not having enough time to raise the capital, and that's how the community action agency got involved, was to try to help with that.

We shotgunned Federal grants out, and of course, the competition for those, because of this area, and nationwide, small communities hitting economic depression, the competition is real stiff.

It is the hope that we can find some way to receive the money and get it into Willamina.

I'd also like to respond to some of the examples used in previous testimony about Westfir. Now, this is the second time I've heard that testimony, and the first time I did not have a chance to respond to it;

and that is, that Hines Lumber and Westfir did not try to negotiate with the workers, and in fact impeded the organization of a workers' cooperative in Oakridge.

A workers' organization tried to form there, could not get a statement on the price of the mill, would not be negotiated with. And Westfir was using an example of it that nobody could make money there. I don't believe that's true.

Three months or more of negotiations went down, where the workers involved could not get information, and were refused to be negotiated with, to be recognized.

Mr. CLAY. That's the question I wanted to ask you about Willamina. Is the plant owner negotiating with you in terms of the costs?

Mr. SCHMIDT. At this point, they're open to that. They've asked the workers to come in with an offer on the mill.

Mr. CLAY. How do you intend to establish what the equitable price for that plant is? Who would you use to do the appraising?

Mr. SCHMIDT. We're looking for—part of the money that we're requesting in grants at this point are to do the marketing feasibility studies necessary to establish that the mill is worth a certain amount of money, the equipment is worth a certain amount of money, and that it can be run at a profit in that area.

Mr. CLAY. You would use a Government grant to do that?

Mr. SCHMIDT. We'd hope to.

Mr. CLAY. Yeah. Are you having any success in——

Mr. SCHMIDT. At this point we've been turned down for Economic Development money. We were in competition with southwestern Oregon, and——

Mr. CLAY. And with Mr. Carter's budget, too.

Mr. SCHMIDT. Yeah. And we're applying to the National Co-op Bank Corp. for some startup money. We're also making application to the National Center for Appropriate Technology, which has a very limited, you know, just two in the Nation, to begin rural economic development.

And as a matter of fact, it feels desperate at times, but it feels positive as to the commitment of the workers. We had a community meeting in Willamina. Approximately 100 people showed up, saying, "We're committed to Willamina; not to just having jobs, but to the community." And it's a strong commitment.

Hopefully, we, you know, we won't run out of time.

Mr. CLAY. What's the rate of unemployment there?

Mr. SCHMIDT. In Willamina?

Mr. LANDIS. It's between 8 and 9 percent. The employment department can't give us figures just on Willamina.

Mr. SCHMIDT. The countywide is 8 to 9 percent.

Mr. CLAY. Fred, do you have any questions?

Mr. FEINSTEIN. No; I don't.

Mr. CLAY. Yes?

STATEMENT OF FRED HULETT, MILLWORKER, WILLAMINA, OREG.

Mr. HULETT. I'm Fred Hulett from Willamina. I've worked at Champion for 26 years. The first 12 years I worked the hourly, and the last 14 years I was supervisor.

Around February 1, Champion said that they were going to close the mill down for a short time—it wasn't a permanent shutdown—because of the price of plywood, and no housing, and no houses were being built, so there was no call for plywood.

So on February 8, the mill went down. On April 15, letters went out to the employees that it was a permanent shutdown, and that the reason was log costs and log availability. You couldn't get the timber.

So, at that time, I kept working till the 10th of June, and then Ned got this group together, and we have—the Valley Planners is our group, and that's what we're trying to do, co-op the plywood.

And we've talked to Champion. Champion won't tell us what they want for the plant, they want us to give them an offer, and I believe the tax base on it was somewhere around close to $5 million. So, we haven't really made up our mind yet.

We've got one co-op manager in mind. He's managed co-ops for years. And we want him to come down and look through the mill, and then next, the manager of a co-op that's retired, and get their ideas on just what they figure this building is worth, and the equipment.

Some of the equipment has been moved, parts of it, extra motors and things, and so Champion said they would replace everything they took out. And so, right now, we're kind of waiting for these two fellows to take them through and see what this is worth, and see if we can make an offer to Champion and if we can get the money to buy.

Then we can use our co-op, the moneys we sell our stocks for. We can use that to get the plant going.

As far as timber, Bob Straub, ex-Governor Bob Straub, came over and checked up on the timber, and there was I don't remember how many miles of timber within a 60-mile radius of Willamina; but it would be pretty hard for a co-op to try to bid along with some of the sawmills.

One sawmill over there on—it was $1½ million on one tract of timber, that was the assessed value, it was $1½ million, and the bid $4½ million. So it would be pretty tough for our co-op to try. We'd have to have timber right now.

So we've thought about just, if we could get this co-op going, just buy our veneer and have a layout plant, and forget the green end. Capital Lumber is going to start dealing there, so we can get lumber from them.

Other than that, we've had calls all the way from California, investors saying that they'd invest. One said he would invest a quarter of the money needed to buy the mill. So we'll just have to wait them all out, and see which way is the best way to go.

Mr. CLAY. Did you ever approach Champion about donating it to the Reverend Landis' church, with the understanding that he would lease it back to you?

Mr. HULETT. No; we haven't tried that one.

Mr. CLAY. If it's worth about $4 million, they're going to write off $50 million to charity.

Mr. HULETT. Yes, and we're the ex-employees that they've employed here, and then just stepped right out from behind them. We thought maybe they'd give us a pretty good price, but they won't offer. They're waiting for us to give them a bid.

67-746 O - 81 - 27

Mr. CLAY. They don't want to sell it. They'll give it to you. Go ask them.

Mr. HULETT. I would hope so.

Ms. MCCURRY. Excuse me. The surprising part is, they have told us if we could buy it and get it going, they'll buy all the plywood we can put out.

Mr. CLAY. You wanted to make another comment?

Mr. LANDIS. I'd just like to reinforce parts of the bill, especially that where the workers are involved and know what's going on in advance to be able to plan, and you know, we really don't know anything about economics, and to deal with a big company, it's hardball, and we don't know how to play that kind of game. We just don't.

These folks are basically well intended, humble, loyal people, in Willamina, and I think that just the little bit I've seen happening so far, you know, the sharks are coming out of the woodwork, and we will really need some help with that.

I think we can stick together and take care of each other, but if we'd had some time—and Champion knew it a long time ago.

I absolutely support this bill and want to see it passed.

Mr. CLAY. Thank you.

Mr. SCHMIDT. Thank you.

Mr. CLAY. Thank you for your testimony.

The next witnesses are William Thomas and Steven Deutsch. Welcome to the committee.

Mr. DEUTSCH. Thank you.

Mr. CLAY. Your statements will be entered into the record, and you may proceed as you like.

[Prepared testimony of William B. Thomas follows:]

Prepared Testimony of William B. Thomas, Assistant Professor of Social Work, Portland State University

CHAIRMAN CLAY, CONGRESSMAN WILLIAMS AND MEMBERS OF THE AUDIENCE :

My name is William B. Thomas. I am an Assistant Professor of Social Work at Portland State University. I reside at 3037 N.E. 18th, Portland, Oregon, 97212.

You have already heard considerable testimony and will be receiving more evidence about the serious impact of plant closures and indefinite layoffs in this region of the country. Because of its dependence on timber and aerospace jobs, the Pacific Northwest is particularly vulnerable to structural changes in the wood products industry and fluctuations in defense contracts. (Over 40% of Oregon's manufacturing jobs, over 24 of Washington's employment and over 32 of Idaho's employment are wood products related; an additional 24% of Washington's jobs are in aerospace.)

For many communities in the Northwest, the timber base is the town. It supports logging, manufacturing, small businesses, public services and schools. For example, over 3/4 of Oregon's counties rely on the timber industry as their primary tax base, from personal income taxes and from State and Federal Timber Tax revenues (such as Oregon and California Railroad revenues). Yet, first growth timber is being depleted faster than replacement trees are being grown. As a result of poor forest management - that is cut and run policies rather than sustained yield - a timber shortfall is emerging. Small operators are being squeezed out as the large corporations speculate on public timber and concentrate their dominance over private timber supply. (The "Big Six" firms now own over 2/3 of private commercial forests in Oregon and Washington.)

Georgia-Pacific's move of corporate headquarters to Atlanta is thus symbolic of deeper changes in the Northwest's timber industry. As they deplete Northwest forests, the major corporations are increasingly moving operations to the South - where they have considerable holdings - as well as overseas to Latin America and

Africa. At the same time, log exports to Japan are at a record high. It is not just softwood that is being loaded on ships; it is jobs.

The current downturn in housing starts has only accelerated the consequences of major structural changes already well advanced in the wood products industry. Many of the mills that have laid workers off will simply never reopen, because it was only a matter of time before they were going to be closed. It is an all too common pattern for a temporary layoff to become permanent and a partial shutdown to become total. Many, many secondary manufacturing jobs - making machinery for mills, paper products and chipboard to name a few - are lost as a direct result, as well as jobs in trade and services that depend on a healthy industry. (Of Oregon's 9.5% unemployment in July and over 115,000 unemployed, some 24,000 job losses, as compared to 1979 levels, are directly attributable to layoffs and closures - at least 20 mills - in the wood products industry. Washington's unemployment for June was 8.5% and over 165,000 persons, with similar proportions.)

It is thus not only the Youngstowns and Akrons that have been devastated by closures. It is also the Williamas and Raymonds and McCloods - as you have heard today - as well as thousands of other communities around the country. Further, it is not only steel and auto that have been adversely affected, but canneries - such as Bumble Bee Tuna in Astoria, Oregon -, clothing factories, hotels, lumber mills, offices, retail stores, supermarkets and countless other businesses.

Let us make no mistake about it. Closures are a <u>national</u> problem. They affect every region of the country and virtually every industry, trade and services as well as mining and manufacturing.

Certainly, the problem of closures is not a new phenomenon in the U.S. Ghost towns in the West and abandoned communities in the Northeast are mute testimony of cycles of boom and bust in the 19th century. Yet structural changes in the economy were relatively slow. While the migration of the textile industry from New England began well before WW I, for example, it was not complete until after WW II. Today, the pace of change is infinitely greater.

THC.AS 3

It is the rapid and growing acceleration of plant closures in the last
wo decades - reaching epidemic proportions in some industries - that is producing
n economic crisis and demanding a political response at local, state and federal
evels. For example, the Department of Labor conservatively estimated that over
00,000 jobs in the U.S. were lost to permanent closures in 1979. Yet the Bluestone-
arrison study, Capital and Communities, mentioned in earlier testimony, concluded
hat between 1969 and 19 76 over 15 million jobs were lost in all areas of the country.
s the textile and electronics industries began to move overseas, even the South
as been losing jobs. Further, on the West coast this study estimated that for
very 10 jobs created through new investment, at least 8 jobs were lost due to
losures. In the South a similar pattern prevailed, while in the Northern indus-
rial states, more than 11 jobs were lost for every 10 new ones created.

These figures are symptomatic of deep structural shares in our economy, a
-industrialization of America resulting from an increasing mobility of capital.
e root of this problem, however, is not whether capital is mobile; any healthy
conomy needs a turnover of capital from declining to growing industries. The roots
this current crisis lie in the great speed with which capital is moved about
e world and the magnitude of disinvestment in American industries, without
proper concern for the human and social consequences of these actions.

Between 1950 and 1974, for example, investment of U.S. capital abroad
ercreased ten-fold from 11.8 billion to over 118 billion. (In fact, the total
erseas output of American multi-national companies is now greater than the
ross National Product of every country in the world except the U.S. and the
viet Union.) Revolutions in transportation and communication technologies,
oduct cycles requiring skilled labor for development and pools of unskilled
or for production, growing centralization of corporate decision-making,
porate concentration, centralized banking, American military expansion and
U.S. tax codes (accelerated depreciation, investment tax credits, depletion
owances, DISC, foreign tax write-offs, encouragement of transfer pricing, etc.)
e all contributed to this underlying movement of capital.

It is not only capital, however, that is exported abroad. Export of raw materials(such as logs), outright shifts of plant and equipment (such as production facilities along the Mexican border encouraged by U.S. tarrif Code 806.30 and 807), and export of technologies and granting of U.S. licenses to foreigners to use patented technology, all contribute to a long term pattern of disinvestment in the industrial plant of the United States.

The nature of this pattern of capital transfer is equally as significant as its speed and magnitude. For example, much has been made in recent months of the decline in the rate of growth of American productivity, and for good reason. It portends a decline in the U.S. standard of living. What is the source of this decline? the lack of capital investment in technology needed to modernize the U.S. industrial plant so it can be competitive on a world scale with foreign manufactures which are financed to a great extent by U.S. capital!

A common factor in plant closures is a failure to reinvest and modernize. A multi-plant company frequently allows an older facility to run down without capital investment and uses the depreciation write-offs to reinvest elsewhere. The steel industry is, of course, a tragic example. U.S. Steel simply did not reinvest in new production methods and lost its competitive edge to Germany and Japan. Over 12 plants are shutdown (some of which have literally not been modernized since the turn of the century) while investment capital is used to expand into petrochemicals and to buy Disney World.

In some instances, a conglomerate may acquire a plant in order to generate investment capital . Milking the profits of a prosperous " cash cow " to enable expansion elsewhere, then stripping it of its assets is often followed as a deliberate corporate strategy. Such was the case in Youngstown when Youngstown Sheet and Tube was purchased by the Lykes Corporation.

Another factor in closures is related to problems created by absentee ownership. As corporations grow larger, there is less identification with communities in which various elements of corporate operations may be located. Consequently,

corporate decision-making regarding investment and reinvestment are made will little regard for loyalty to those communities. Decisions are made on a more "rational" economic basis concerning the movement of capital, that is where it can make the most profit for the corporation. While certainly not the only variable in such decisions, low wages and significant tax incentives can draw capital from the North to the South and, more importantly, from the U.S. to the third world.

The bottom line is that the closure of a plant may have little to do with the absolute degree of its short or long term profitability, but rather the "opportunity costs" to the corporation in fore-going viable alternative uses for the capital. Thus frequently plants are closed not because they are unprofitable, but because they are not profitable enough to meet corporate earning targets. (Yet that same marginal rate of profit may be quite adequate for a locally owned company, and may mean the life or death of a community.)

The results of these patterns of capital transfer are that jobs are predominantly being lost in higher-skilled, higher-paying basic industries, particularly those owned by conglomerates. At the same time, jobs that are being created have far greater likelihood to be lower skilled, lower paying jobs in industries such as electronic assembly and other similar "growth" industries, or in trade and services. (Evidence suggests that most new jobs are created by small business expansion rather than by large companies. Over the last decade, net job creation by the Fortune 500 was zero, with the greatest propensity for net job destruction among conglomerates.) This pattern thus results in a frequent mismatch of the skills of people who lose jobs and the skills required by new jobs, with a subsequent decline in wage rates, payroll and community tax bases.

The increasing speed of capital transfers which I have described - whether domestic or foreign - and the resulting abruptness of closures, surpasses the ability of people and communities to adjust to these rapid economic changes. Futhermore, the pattern of these capital transfers that I have discussed result in considerable economic instability in local and state economies.

The costs to employees and communities of closures are horrendous. For employees a closure generally means long term unemployment and underemployment. (One study of displaced workers indicates that 3/5 experience a decline in occupational status, while another study of steelworkers found a decline in earning power for a minimum of four years.) Further, employees may experience a loss of pension rights and other health and welfare benefits . Studies indicate an increase in morbidity and mortality among workers who lose jobs to closures, and a documented relationship between increases in unemployment and deaths. There is evidence of increased domestic violence, child abuse and crime, and increases in divorces and suicides. Psychological cost in terms of damage to self esteem, while difficult to measure, is widely reported. The litany of problems resulting from unemployment, lost income and greater personal and family stress cannot be captured by cold statistics; only by the stories of working people whose lives have been disrupted and sometimes destroyed.

The costs to communities is also high. Indirect job losses resulting from a closure can be considerable. (One study in New Jersey determined that as a result of 725 direct job losses, 468 jobs were lost in stores, banks, restaurants, taverns and other businesses) There is a loss of purchasing power in the community ($14 million in the New Jersey study) and a decline in percapita income. Further, there is an increasing demand for social welfare benefits and services at a time when voluntary contributions are declining as well as public tax revenues to pay for those services. (In a study of Youngstown, it was estimated that after only 3 years, some $32 million in local, state and federal tax revenues has been lost as a result of the disappearance of 4100 jobs at Youngstown Sheet and Tube.) In smaller communities, these ripple effects are magnified in a long term weakening of the tax base and cutbacks in public services when they are needed most.

The combined impact of plant closures on working people and the communities in which they live is creating a fiscal crisis for local and state governments around the country. After all, the fundamental reason for the crisis in New York City was not mismanagement but rather the long term loss of jobs, both manufacturing

and office jobs. The movement of jobs from New York was no less a result of plant closures than the movement of jobs from Akron. As a result, the City no longer had the tax base to support the infrastructure of public amenities and services which had evolved both to support the economic structure of the local area and the needs of the residents. (The City has begun to generate new jobs but at considerable costs to its population in the form of tax subsidies to developers and corporations, fewer services and higher costs for those that remain, not an uncommon solution to such a crisis.)

The State of Oregon is currently experiencing a fiscal crisis of similar causality. The State projected a $204 million shortfall in its revenues for the biennium ending in July 1981. This resulted in cutbacks in public serices and public sector job losses at a time when employment was already higher than the national average at 9.5%. Debate in the legislature was over who would bear the economic burden of the cuts, with the poor receiving the lion's share. There was little debate about why there was a shortfall of such magnitude and what steps could be taken legislatively to address the lack of jobs and an unemployment rate being driven upward by shutdowns. Other states are in similar positions. In a period of inflation, as the costs of public services go up and tax revenues decline because of unemployment, the squeeze on state and local governments will continue to mount.

We are, I would argue, in the midst of a long term economic and social crisis in America resulting from the increasing mobility of capital and the patterns and impacts of capital transfers which I have described. Yet the dominant public policy for dealing with the consequences of disinvestment has been a band aid which neither confronts the problem of disinvestment nor deals with its symptoms in the form of plant closures; that is, the dominant policy response for the past decade has been to expand the scope of social welfare benefits. This has taken the form of ADC-UH benefits, extended Unemployment Insurance (UI) benefits, Trade Readjustment Assistance benefits (TRA) Supplementary benefits for auto-workers and food stamps.

If there are no jobs for people, or there is a mismatch between the supply of labor and the demand for labor, then people must have income, and the public sector must assume responsibility for insuring the survival of its citizens. Yet income maintenance alone, in the absence of public policy and programs to save existing jobs, to create new jobs and to train and retrain people - is a totally inadequate response in a society that is so completely dominated by the work ethic.

We must realize that the provisions of the Ford-Riegle " National Employment Priorities Act of 1979 " are not some wish list for the future. These provisions represent an absolute minimum in terms of guaranteeing some measure of employment security for working people in this country, and in terms of insuring some measure of responsibility on the part of employers, particularly large corporations. The provisions for advance notification and for public inquiry by the Secretary of Labor into the causes and alternatives to a proposed closure are absolutely essential to that security, and will in themselves be an impediment to many arbitrary closures. Further, guarantees of transfer rights, severance pay, benefit retention, compensation to communities for tax losses, retraining provisions, assistance to employee and community buyouts and other provisions not only provide concrete help to employees, their families and communities but place the burden of cost directly where it belongs, on employers as a risk of doing business and as a social responsibility for a publicly chartered corporation.

Corporations have been able to shift the burdens on employees and communities of private decisions to close a plant from an employer responsibility to the responsibility of the public sector as "social costs". As in so many arenas corporations have succeeded in minimizing the risks of doing business by externalizing their costs. This Bill compels corporations to internalize some of those costs, and for that reason alone they will fight it. Corporations will argue that they have a right to a return on their capital investment. We must make clear that a working person who invests in skills, a home, a community and a job must have every bit as great a right to a return on his or her investment.

Finally, it is essential to realize that there are bigger issues at stake than who will bear the cost in the coming political struggle over this legislation. The bigger issue is who will control the future of America, giant corporations or the American people. The primary purpose of the Ford-Riegle Bill is ameliorative; it seeks to mitigate some of the worst effects which plant closures have on employees and communities. It hopes to create jobs not so much as to save them. Yet what it makes clear is that if the American public is to have some influence over the creation of jobs - where jobs will be, what kind of jobs there will be, how many jobs there will be, what will be produced and how - there must be democratic control over the processes of capital accumulation, capital investment and capital transfers. This Bill must become reality as one step in the 1980's of using our political democracy for achieving full employment in America and bringing economic democracy to the United States.

STATEMENT OF WILLIAM THOMAS, ASSISTANT PROFESSOR, SCHOOL OF SOCIAL WORK, PORTLAND STATE UNIVERSITY

Mr. THOMAS. Thank you, Mr. Chairman. We will both be very brief.

I did want to make some comments in response to Mr. Altucker. I'm sorry that he's no longer here.

But to top off some of the things that are in my testimony about investment and about costs, and about risks, and I'll maybe begin with Mr. Carter. He mentioned a few minutes ago, in his acceptance speech, he indicated that his administration had created more jobs than any previous administration. And yet, as we know, unemployment is increasing.

What that tells you is that we're losing jobs faster than we're creating them. OK, being that there are lots of jobs being created, what's the problem? The problem is that we create jobs through capital investment, but we lose them through capital disinvestment and that's the crux of the problem with plant closures.

Mr. Altucker said we needed to put emphasis on the job generation process. Well, we need capital to do that, and where is the capital of America?

What we find is that between 1950 and 1974, the foreign investment of American capital increased tenfold, from about $11 billion to $118 billion. That is a lot of money.

What that tells us is that, as a matter of fact, that is the output of American multinationals. That aggregate output is greater than the gross national product of every country in the world, with the exception of the Soviet Union and the United States.

That also tells us there's not a lot of capital left for domestic investment. Why is our productivity declining? We all agree it's because of the lack of investment, but that's because the capital is somewhere else. It's not available for domestic investment. In fact, it's gone on strike.

So, we have to look at the patterns of disinvestment, what happens when this capital is going overseas. We know that these closures result from a failure to reinvest and modernize.

We've seen this in the case of United States Steel, we've seen it in the case of Champion International; and it's probably all over the country. We see the examples such as Youngstown Sheet and Tube, where a multinational buys a corporation as a cash cow, milks it dry of its profits, uses that for reinvestment elsewhere, and takes a tax credit on the loss of the plant.

We have seen how companies will close a profitable plant—Willamina is a good example—simply because it cannot make corporate earning targets, because it has—it uses the cost opportunity of investing that capital somewhere else in the world for low wages, where they can make a higher profit.

The problem constantly goes back to capital and what we can do about the capital investment problem. Not by giving the shop away through loss of investments. But how?

We can begin to impose some kinds of controls, democratic controls, over the process of capital accumulation and capital investment

Mr. CLAY. Would you think that $700,000 profit in 1 year on a small plant like the Willamina one is a fair return on your money?

Mr. THOMAS. I would say that it's a very fair return. On a plant that has an assessed valuation of $5 million.

Mr. CLAY. And—go ahead. I'm sorry, I interrupted you.

Mr. THOMAS. And with a year's worth of logs in the pond.

Mr. CLAY. Yes.

Mr. THOMAS. They could have kept the plant open.

I want to make two quick comments, one about impacts. One of the impacts that frequently is overlooked is the fiscal crisis that's created for local and State governments. We're experiencing one here in Oregon, and it's been mentioned before.

Increasingly, as inflation increases, costs go up, revenues go down; that's going to put a greater squeeze on governments that are losing revenues as a result of closures.

All we have to do is look back to New York City and remember that it wasn't mismanagement that caused the problem in New York City. It was the loss of jobs. They lost their manufacturing base there. That's one of the points that is frequently overlooked.

Again, it comes back to how can we create jobs; and how can we gain some kind of influence over that process? Well, the response to date to the problem of disinvestment in the United States has been social welfare benefits; it's been trade readjustment assistance; it's been expanding unemployment insurance.

You know, that was one of the questions that came up, is: What is the role of unemployment insurance? We have to recognize that these are absolutely essential if there are not jobs.

But alone, they're just a Band-aid. They don't meet the problem of disinvestment. They don't even begin to respond to the symptoms of plant closure.

What I'd like to suggest is that we have to see the provisions that are provided for in the Ford-Riegle bill as a minimum, a minimum guarantee of what we need to assure that there is some measure of employment security in the United States, and some measure of responsibility for employers.

What has happened is that corporations have succeeded in shifting the burden of costs to the public sector. It was called earlier, making those social causes. But that means that they have externalized their costs.

What this bill does is to impose costs on them that should be internalized in the first place. They can put in what it takes away. Sure, it can be done by putting the money there as a possible cost in case they have to close or go under. People have to do it. We do it all the time. A corporation can do the same.

A corporation is a publicly chartered body. That means the public should have some control over that corporation. The corporations think that the public shouldn't have any control, and that the Government shouldn't. They will argue that we cannot limit their prerogatives, that they have a right to return on their capital investment.

And I think that we have to say, and say very loudly, that a working person invests in skills, a home, a community; they invest 25 years

in their job. They have as much right as any publicly chartered corporation to get a fair return on their investment.

And that's one of the things that this bill begins to do. This really deals with the effects, tries to soften the blow; it doesn't protect the employee. We have to look at ways we can begin to prevent the blow; and when we start talking seriously about achieving full employment in America, we also have to start talking seriously about what we mean by economic democracy.

Thank you.

Mr. CLAY. Thank you.

Mr. Deutsch!

[Prepared statement of Steven Deutsch follows:]

Prepared Statement by Steven Deutsch, Professor, Labor Education and Research Center, University of Oregon in Eugene

Introduction

My name is Steven Deutsch and I am a professor in the Labor Education and Research Center at the University of Oregon in Eugene. I have spent more than twenty years working with labor and on issues of labor market policies, work organizations, technological change and its impact. My experience has involved work across the United States and other industrial nations.

The Economic Jobs Problem

Our research in the late 1950s and early 1960s during a time of economic recession and job dislocation partly due to automation revealed that most people in labor believed that the U.S. Government had a responsibility to effect full employment policies, but fell short of holding the Government responsible for guaranteeing employment. As the structure of the labor market worsened and national awareness increased, the country moved in the early 1960s towards rethinking the role of Government in shaping the economy so as to provide authentic equal opportunities and economic security. The multitude of programs under the OEO, ARA and other agencies were basically designed to "put America to work" and bolster the total economy. Experiments were tried on a very minor scale which sought to adopt the labor market policies of England and Sweden; specifically to subsidize the location of industry into high unemployment areas and to provide economic assistance to unemployed workers to move to areas where jobs might exist. While these efforts gained some moderate success, they did not lead to a national labor market policy which addressed the total picture, and as the 1960s closed many of the basic problems were left unaddressed.

During the 1970s the United States came to once again recognize the basic economic problems affecting a country which had grown accustomed to increasing productivity, growth in output and rising wages and standard of living. That expansion came grinding to a halt. The so-called energy crisis of 1973 eroded prior assumptions about controls over world energy supplies and assured cheap sources of energy. American based multi-national corporations continued to expand investment outside the U.S. and the global economic shifts of the decade further challenged basic manufacturing and production within this country. Finally, the latest revolution in technology with the use of micro-computers and cybernetic systems of production posed new threats to employment. The job dislocation fears of early automation in the 1950s and 1960s were premature due to the large expansion of public sector employment and the growth of the service component in the labor force. That has come somewhat to an end and the real impact of robotization and technological displacement of workers is only now impacting in the U.S. and other industrial nations.

Challenges for the 1980s

The point of this discussion is that the issues which we thought were critical as long as twenty five years ago, and which led to massive governmental programs and minor experiments with labor market and job creation policies, have been building in the intervening years. As the decade of the 1980s unfolds we are experiencing unprecedented structural unemployment, technological displacement, failure of adequate new capital reinvestment in U.S. production facilities, high rates of plant closures and cut-backs. Business Week magazine recently launched a major call for reindustrializing America. While this is an important step and hopefully will increase investment in new plant production and updating old facilities, such a program must deal with the current dilemmas if it is to solve the total problems of job security, job growth and the untolerably high rates of unemployment.

What I wish to point out to this Committee is that we should be clear that in 1980 it is not merely more of the same. The problems of plant closings today is not the same as temporary lay-offs in years past. The new threats of advanced production methods is not a replay of the early years of automation. And finally, the necessary remedies and required policies today are not a simple extension of governmental policies of the past. After all, we have had in this country since 1946 a law which mandates the Federal Government to implement policies for economic growth and full employment. The realities today require labor market policies which will get American corporations to increase their accountability to the nation, its communities and citizens and the workers they employ; and we need policies which will make it possible for the Government to intervene in an affirmative and appropriate way to help maintain and bolster production and employment.

The history of the U.S. economy has shown a regular pattern of entrepreneurial venturing and risk-taking with successes and failures. But the enormous concentration of production in smaller numbers of large corporations means that each "failure" affects more workers and communities. A number of studies in the past year, including testimony given this Committee, documents the rising pattern of plant closings. These involve shifts in investment and employment within the United States as well as abroad. The decisions of large multi-national corporations to close plants are, of course, determined by profit-maximization. It is sometimes the case that plants operating in the black are still closed due to standard minimal policies of return on investment, and there is a historical record whereby workers have bought out such plants and run them profitably. No better example of this is given than the worker-owned plywood mills in the Northwest. I laud the legislation signed by the President last month, S. 2698, the "Small Business Development Act of 1980," which will assist in such worker-ownership ventures. Congressman Peter Kostmayer (D-Pa.) who has

67-746 O - 81 - 28

worked on such employee ownership legislation for several years, pointed out that, "In many cases, these firms were shut down by absentee owners, often large conglomerates, because they were only marginally profitable. Often, it has been found that such firms can be turned around by an employee ownership program, leading to increased worker productivity and profits." However, while federal loan guarantee programs and technical assistance which will allow workers, their unions and communities to buy-out plants to help workers preserve their jobs is a good and important step, that legislation will truly affect only a minuscule number of American workers and communities being impacted by the rising number of plant closings. Solutions for those vast majority of cases must be sought.

Lessons from Abroad and an Approach for the U.S.

While the U.S. must find its own approaches to the problems of plant closings, job loss, and technological displacement, it is useful to recognize the labor market policies in other countries which have similar high-technology capital intensive industry and which are similarly tied into global markets and based on market economic principles. This Committee has already received testimony and reports on economic dislocation approaches in England, West Germany and Sweden. Without chronicling those policies, I wish to emphasize that the basic approach in most other industrial nations is that Government must operate at least minimally to assure that private industry functions for the public good and national benefit. It is not a matter of political ideology. In fact, in Sweden there has been an increase in governmental intervention and expenditures to maintain production levels and hence employment, since the Social Democrats lost power in 1976. The basic outlines of such labor market policies involve things such as workers and public members on corporate boards and open disclosure of company financial books; but the key components involve requiring all companies to give advance notification of lay-offs and plant closings,

to provide substantial severance benefits and other mechanisms to assist the impacted workers. As companies in the U.S. are incorporated under state laws with set obligations, the policies in other industrial nations are designed to oblige companies to consider seriously the impact of decisions on jobs, economic livelihoods of workers and communities and to shape their investment and production decisions with these in mind. To state this so simply is to make a compelling and logical argument. Why should not the Government legislate that corporations include in their equations the total costs of investments and production; meaning not only their return on investment but costs of dislocation, unemployment and the like which now primarily falls on the workers and unions and the communities involved.

I have been in Sweden during this past year and appreciated the degree to which primary industries there--steel, textiles, ship-building, forest-wood products--are impacted by global economic competition and shifting world markets. The timber and forest products industry is important, as it is in the Northwest United States. The Swedes understand that they have the raw resources, technology and labor and have joined government, labor and industry to recognize the common problems and challenge for the future. There is no such alliance in the United States. Other testimony has documented the impact of log exports on milling jobs in the U.S. as well as the transfer of operations from the Northwest to the Southeast U.S. and outside the country to low labor cost, fast-growth timber regions. Without constraints and governmental interference obliging U.S. based corporations to be accountable to U.S. workers and communities, the pattern will continue and companies will flee to areas with lower labor costs, absence of health and safety and pollution regulations, less stringent tax laws and the like. But in Sweden the labor market policies are for all--not just for industry, or just for labor, or just for the public. Some harmony has been achieved coupling

the rights of labor, the needs of management, and the national interest. That approach is one we very much need to develop in this country, and the imperative is to move rapidly.

New Problems Require New Solutions

HR 5040, the "National Employee Priorities Act of 1979" is a major step in the right direction. It must be seen in its proper perspective; namely the logical expansion of prior law such as the 1946 act on full employment and all legislation since, and the effort to integrate the rights of workers along with the national public interest, and ultimately the economic advantage of capital or industry. Some important steps tied to the plant closings issues have been taken by the Congress. However, the basic problem continues and will increase in magnitude and seriousness in the coming months and years if left unchecked. The so-called "capital flight" problem will continue with more investment outside the U.S., no matter the call for reindustrializing the U.S. The decision by Ford Motor Company to close some U.S. plants and open an expensive new engine plant in Mexico for the American market is indicative. The new revolution in advanced technology with robotization and micro-computers will further impact on investment decisions and on jobs and at an accelerating rate.

The present economic recession has not impacted across this nation equally. Major structural unemployment has hit in auto and steel and related production and in timber and forest products and building and construction. In a way the Northwest is an especial victim of a national phenomenon. In the years to come the victimization will be spread more equally across this country unless we develop some labor market policies. We were scandalized with the revelation in the early 1960s that one-fifth to one-quarter of Americans lived in poverty. What will be the reaction in the years to come as the picture unfolds and we move from the present recession and high levels of unemployment to a situation in

which ever greater production is moved out of the U.S., as more workers are displaced by the new technology and workers and their families and communities across this land become devastated, robbed of their economic livelihood and dignity?

Workers and citizens are not deluded. When the auto companies talk of bouncing back, yet invest in new plants outside the U.S. and introduce people-displacing machines, the picture is clear. Workers in the Northwest are not deluded as companies invest abroad, shift operations to the Southwest and close mills and plants. It is not a problem removed from the lives of workers in the Northwest and in Oregon. You feel the pathos as you go through small single-industry mill towns which have had plant closings. I was in a room with 250 Northwest steelworkers the day U.S. Steel announced the closing of plants putting 13,500 workers out on the streets and while it did not affect the jobs of that group, each felt the threat and tragedy for all involved. This can and must be avoided. For the good of the nation and the future of its citizens, the Government must move to a policy to protect jobs, assist in maintaining production and the economic health of the country. The Congress needs to do for the people what they cannot do for themselves. Workers and citizens are presently impotent to a large degree to stop or even slow plant closings. Legislation is imperative.

The evidence is overwhelming on the impact of plant closings and the projection into the future if unchecked. There are good illustrations of what can be done as we look at other countries and their coordinated labor market policies. The Congress does have before it an important piece of legislation which will help move this country towards solutions addressing the issues of economic disinvestment and recession, job loss and dislocation, community and national economic deterioration and demise. I offer strong support for HR 5040 and hope that the urgency of passage will be clear to you and your fellow members of the Congress.

Thank you for the opportunity of appearing before you and making these remarks.

STATEMENT OF STEVEN DEUTSCH, PROFESSOR OF SOCIOLOGY, UNIVERSITY OF OREGON

Mr. DEUTSCH. My name is Steven Deutsch, and I am a professor in the labor education and research center at the University of Oregon in Eugene. I have spent more than 20 years working with labor, and on issues of labor-market policies, work organizations, technological change, and its impact; and this year particularly, have been studying labor-market policies in Western European countries and their impact; their potential use in the United States.

Out of respect for your agenda, and the time pressure, I'm not going to refer to my statement at all. I'd like to make three rather direct comments, which I believe are really quite vital for the context here.

The first is that the shift in thinking in America that began in the 1950's, with the advent of automation and the so-called discovery of poverty in the early 1960's, led this country to adopt new policies oriented toward the Government intervening in the private sector to create jobs to protect economic security for workers, and to assess the implications of the old legislation in the 1946 Employment Act.

The impact of those policies has been really quite minor. We experimented with Swedish and British systems of subsidizing industries in high unemployment areas. We subsidized workers to move to where the jobs are at on a very small basis, on a small scale.

So, my first point is that, although we experimented in the early 1960's with some labor-market policies, basically we have not adopted a national labor-market policy to address the issues that we're facing in the 1980's; and we can't look back to the last 20 years as a record that's going to suggest the future along these lines.

The second point I want to make is that there are some illustrations from other countries that I think are extremely important for our consideration at this point in our history.

We technologically are quite similar to countries like Sweden and Germany—and the other testimony has talked about economic dislocation policies. I want to suggest for your consideration, however, that the basic underlying philosophy in a country like Sweden is that their labor-market policies are addressed neither to just labor or just management, nor to a particular constituency of the public.

They have recognized that in the economic equation, for management, there is an obligation to think about the larger economic costs; the costs on dislocation and on transfer, and on unemployment and the like.

Just as corporations become incorporated under State law, we owe obligations.

The Swedish model would suggest that corporations hold certain obligations to the national interest, as well as the rights of the laborers and the rights of management; and I think, without taking a blueprint out of the Western European cases, that we have to realize that some of the successes of those countries in maintaining low unemployment, competing industries, like steel, textiles, wood products, shipbuilding—very much industries that relate to this part of the United States—that part of their success, I would submit for your consideration, is a different approach that has bound together government, labor, and management.

I think that that kind of philosophy is a very important one for the Congress to consider, and I laud the underlying assumptions in the bill before your committee.

Let me suggest parenthetically that there has been in fact a piece of legislation signed by the President last month—and it's Senate bill 2698, the Small Business Development Act of 1980—that does provide potential capital and technical assistance in such worker-ownership ventures, community buy outs of the kind that we've heard; and I laud the Congress and I laud the President for enacting that legislation.

But that's really a very small piece of legislation, affecting a very small portion of the total labor force. I think it's important, but it's really not terribly significant for the bulk of the population that's both now out of work, and those workers whose economic livelihood and dignity is about to be threatened and will be threatened in the next few years unless we enact a broader labor market policy.

That leads me to my third and final point, which is that new problems require new solutions. I think the problems in the United States in the next number of years are not simply more of what we have faced.

There were predictions 25 years ago that automation would put a great number of people out of work, and those predictions were largely not carried out, because of enormous growth of the private sector in this country and other kinds of economic shifts.

We're now caught up, though, in the impact of some of those predictions. The microelectronics and computerization of industry is going to cause the kind of economic dislocations that we feared starting back in the 1950's, in the next number of years.

We're in a very different situation now in terms of the global economic arrangements, and the flow of capital; and the capital flight will continue, as we've heard testimony all day today.

So that, my point here being that I think these new problems require new solutions; all are clearly in support of the kind of legislation in 5040, and I very much recommend and endorse passage of that bill.

Thank you very much for the opportunity to make these few comments.

Mr. CLAY. Thank you for your testimony.

I don't have any questions. Perhaps the staff does.

Fred?

Mr. FEINSTEIN. I would also like to thank you very much for your testimony—for summarizing your testimony, and I assure you we will very closely study the lengthier prepared statements that you've submitted, as is the case with all witnesses today.

Mr. DEUTSCH. Thank you very much.

Mr. CLAY. Thank you.

Edie, did you have anything?

Ms. BAUM. No.

Mr. CLAY. The next witnesses consist of a panel of the Portland Plant Closure Committee. Is that everybody, or do I have to read all of the names?

Mike and Mary Botkin.

Lane County Coalition To Save Jobs, Shorty Carter.

Seattle Citizens Action for Stable Economy, Mike Epstein.

Ms. BOTKIN. He's not here.

Mr. CLAY. Not here?

Is everybody else?

If you have any prepared statements, they'll be inserted into the record at this point. You may proceed.

[Prepared statement of Michael Botkin follows:]

PREPARED STATEMENT OF MICHAEL L. BOTKIN, PORTLAND, OREG.

On June 18, Friday the 18th, the plant that I worked at closed its doors forever. I had worked there for 9 years. When I applied for that job, the personnel manager went to great lengths to tell me that at my age I should be looking toward the future and that I should work for this company because I had responsibilities to myself, my wife, my future family, and to the community.

So I went to work for what was to become Gilmore Steel, Direct Reduction Division. The company set forth rules of employee conduct. I lived and worked within those guidelines. During the first few years I occasionally thought of finding other work, but the words of that personnel manager kept running through my mind. Each time I thought, "No, he's right." You have a family, you should stay here. And so I stayed, I felt that I had a responsibility not only to myself and my family, but to the company.

But what about the company's responsibility to the workers and to the community? In my case the workers were represented by a union. The union negotiated a "shutdown" agreement with the company. This agreement called for the company to provide help for the workers in finding other employment by hiring an employment counselor. But as of this time the person they hired has had little success in placing the production workers of the plant. Why? Because the workers are highly skilled in a field so specialized that there are very few people in the United States and Canada in this line of work. At this time the only jobs in this type of operation are at a plant being built in Saudi Arabia.

What are the workers of Gilmore Steel to do about finding other work? Well, they have a choice; they can go to work at jobs that pay them half as much as they were earning before or they can retrain for some other, more profitable, line of work. But who is going to help these people retrain? Not the company, the tuition remburesement plan we had with the company ended when the employees were terminated. Not the State or the Federal Government, the State has no program to retrain displaced workers, in fact the State of Oregon tends to penalize unemployed workers by barring them from drawing unemployment while attending any school.

Let's face it, training today costs money, money that displaced workers don't have. In my case in order to return to school I would have to pay not only the everyday bills and obligations that I have (most of them geared to the wages that I used to earn), but tuition as well. And with no income at all. No way—not in these times—times that many families are forced to have both the husband and wife work. In my case my wife can not go back to work full time to help. My wife has multiple scleroisis, a disease that at times requires costly medical treatment.

Which brings us to another point. How are these workers going to afford health care? The company apparently felt no compuction in cutting down the length of time that its employees were covered by medical insurance after they were terminated. In the past the workers at this plant were covered for periods of up to 2 years after layoff, now their coverage was ended 1 month after they were terminated.

Another provision of the "shutdown" agreement called for the company to pay the employees severance pay. This was figured at the rate of $10.08 per month of service. In my case the total amount received was $1,008 before taxes, $670 after. The catch was that although we were told of the shutdown in October, to receive the severance pay we had to stay until the company terminated us. Even if I had found another job I would have lost my severance pay. Last year I paid $3,765 in Federal tax and $1,218 in State tax, this year I would estimate that my Federal taxes will be about $735 and the State will be about $425. This may not sound like much but if you look at all the people in Oregon that are out of work you will have no problem in seeing why this State came up $204 million short this year. Carried out on the national level who knows how many billions of Federal tax dollars will be lost because corporations feel no guilt in laying off or terminating their workers.

We are not talking about people who think that the world owes them a living, we're talking about people who want to work. All they want is a secure job, one that they can count on to be there. A job that won't disappear because a board of directors decided that there wasn't enough profit to be made. An interesting point, many corporations are shutting down not because they're losing money, but because the percentage of profit is not high enough. Recently I read in the Oregonian that the mill in Willamina was shut down because it only made $800,000 in profit last year, and therefore was a "marginal" operation.

I think it is time for big businesses in this Nation to meet some responsibilities to their employees and to the local communities. It is time for them to face up to the fact that when they shut the doors of a marginally profitable operation they hurt not only the workers but the entire surrounding community as well. We need legislation to give the communities time to look at the impact of a plant closure and to act accordingly. We need that legislation now.

STATEMENT OF MICHAEL BOTKIN, PORTLAND PLANT CLOSURE COMMITTEE

Mr. BOTKIN. Thank you.

My name is Michael Botkin. I'm going to try and summarize my statement; it's brief as it is.

Many things have been covered, and I will therefore try to summarize it as best I can.

Basically, I want to try and deal with the personal impact of a plant closure, having gone through one. On June 13, which was a Friday the 13th, the plant that I worked at closed its doors forever. I worked there for 9 years.

When I first applied for that job, the personnel manager went to great lengths to tell me that at my age I should be looking toward the future, and I should work for this company because I had responsibilities, to myself, to my wife, my future family, and to the community. So I went to work for what was to become Gilmore Steel.

The company set forth rules of employee conduct, and I lived and worked under those rules.

During the first few months of employment, I occasionally thought of finding other work, but the words of that personnel manager kept running through my mind. Each time I thought, "No, he's right. You have a family. You should stay here." So I stayed. I felt that I had a responsibility not only to myself and my family, but to the company.

But what about the company's responsibility to the workers and to the community? In my case the workers were represented by a union. The union negotiated for a shutdown agreement with this company. The agreement called for the company to provide help for the workers in finding other employment.

The company did this by hiring an employment counselor. As of this date, he has had very little success in placing the production workers of this plant. Why? Because these workers are very highly skilled in a field that is so specialized that there are very, very few people in the United States or Canada in this line of work.

At this time, the only jobs available in this field are in Saudi Arabia, at a plant that is under construction and will not be in operation for 2 years. And as a little aside to that, I have no desire, given the present political situation in the Middle East, to go to Saudi Arabia, either.

But what are the workers from Gilmore Steel to do about finding other work? They have a choice. They can go to work at jobs that pay

them half as much as they earned before, or they can try and retrain for a more profitable line of work.

But who's going to help these people retrain? Not the company. When the employees were terminated, they also terminated the tuition benefits that we had, reimbursement benefits. They ended.

It's not the State or the Federal Government. The State has no program to retrain displaced workers. They do have a program to retrain injured workers, but we are not considered as injured.

In fact, the State of Oregon has tended to penalize unemployed workers for retraining, because they bar them from drawing unemployment if they attend any kind of school at all while drawing unemployment.

Face it, today—training today costs money, money that displaced workers don't have. In order for my return to school, I would have to pay not only the everyday bills and obligations that I have—and most of those are geared to the wages that I used to earn—but I'd have to pay tuition as well, and with no income at all. No way, not in these times. Times now are that many families are forced to have both the husband and wife work. In my case my wife cannot go back to work full time to help. My wife has multiple sclerosis, a disease that at times requires costly medical treatment.

Which brings us to another point. How are these workers going to afford health care? The company apparently felt no compunction in cutting down the length of time that its employees were covered by medical insurance after they were terminated. In the past, the workers at this plant were covered for periods of up to 2 years after layoff. Now, since they were terminated, their coverage ended 1 month after they were terminated.

Another provision of the shutdown agreement called for the company to pay the employees severance pay. It was a hard fight to negotiate that severance pay, but we finally won it.

In my case, the total amount received was $1,003. This was based on $10.03 per month, or $120 per year for service, roughly.

Now, out of that $1,003, after taxes I received approximately $670. The breakdown on that was a flat 20-percent Federal withholding, 7-percent State withholding, and of course, your 6.13 social security.

The catch in this severance pay is, although we were notified of the plant's intentions to close in October, to receive that severance pay, we had to stay with the company until we were terminated by the company. So even if I had found another job in that period, I couldn't have taken it, because if I had, I would have lost my severance pay, plus any other rights that I had accrued.

Last year I paid $3,765 in Federal income taxes and $1,213 in State tax. This year I would estimate that my Federal taxes will be about $735, and my State taxes about $125.

This may not sound like much, but if you look at all the people in Oregon that are out of work, you will have no problem in seeing why this State came up $204 million short this year. Carried out on the national level, who knows how many billions of Federal tax dollars will be lost simply because large corporations feel no guilt or responsibility in laying off or terminating their workers.

I'm not talking about people at my plant who think that the world owes them a living. I'm talking about people who want to work. They want a job, a secure job, one that they know is going to be there tomorrow when they go to work; a job that won't disappear because a board of directors decides that there is not enough profit being made.

I think it's time for big businesses in this Nation to meet some responsibilities to their employees and to the communities. It is time for them to face up to the fact that when they shut the doors of a marginally profitable operation, they hurt not only the workers, but the entire surrounding community as well.

We need legislation to give the communities time to look at the impact of a plant closure and to act accordingly. We need this legislation now.

And I urge all of your consideration on H.R. 5040. Thank you.

Mr. CLAY. Thank you.

Do you have a statement?

Ms. BOTKIN. Yes.

[Prepared statement of Mary Botkin follows:]

PREPARED STATEMENT OF MARY BOTKIN, PORTLAND, OREG.

MR CHAIRMEN AND MEMBERS OF THE COMMITTEE:

I COME BEFORE YOU TODAY WITH MY HUSBAND, MIKE BOTKIN, NOT ONLY TO REPRESENT MYSELF AND MY FAMILY BUT AS CO-DIRECTOR TO REPRESENT 350 PEOPLE WHO ATTENDED A CONFERENCE IN PORTLAND, OREGON THE WEEKEND OF JUNE 20-22. THIS CONFERENCE ADDRESSED THE EVER-INCREASING PROBLEMS OF PLANT CLOSURES. THIS CONFERENCE MANDATED THAT WE SHOULD CALL FOR THE PASSAGE OF THE NATIONAL LEGISLATION THAT WE ARE TALKING ABOUT TODAY. IT IS TOO LATE TO HELP THOSE THOUSANDS WHO ARE OUT OF WORK ACROSS THE COUNTRY. BUT POSSIBLY THROUGH LEGISLATION LIKE THIS WE CAN HELP MITIGATE THE DEVASTATION THAT WORKERS AND THEIR COMMUNITIES FACE DAILY. THREE HUNDRED AND FIFTY PEOPLE GAVE UP A SUNNY WEEKEND TO SIT IN A STUFFY ROOM AND TALK ABOUT THE PROBLEMS OF UNEMPLOYMENT. THESE PEOPLE CAME NOT TO ASK FOR GIVE-AWAY PROGRAMS, THEY NO LONGER WANT GOVERNMENT TO ANSWER THEIR CRIES FOR HELP WITH ONE MORE FORM OF WELFARE--THEY WANT JOBS!!! THESE WORKERS, THEIR FAMILIES AND THEIR COMMUNITIES ARE NOW FACING A CRISIS THAT IS NOT BEING ANSWERED BY OUR GOVERNMENT. THE GOVERNMENT SIMPLY DOES NOT HAVE THE ANSWERS EITHER. THERE ARE NO LAWS TO PROTECT THESE PEOPLE. CORPORATIONS HAVE THE POWER TO DEVESTATE AN ENTIRE REGION WITH ONE SHORT PHONE CALL AND THREE SMALL WORDS. "SHUT IT DOWN!!!!"

THIS LEGISLATION WILL NOT ONLY AID THE WORKERS BUT WILL ALSO AID THE SMALL BUSINESSES THAT HAVE BUILT UP AROUND THESE MAJOR EMPLOYERS; SMALL BUSINESSES THAT HAVE NO OTHER SOURCE OF INCOME ONCE THE MAIN SOURCE OF EMPLOYMENT AND ECONOMIC BASE IS GONE.

THIS LEGISLATION WILL GIVE GOVERNMENT AND THE COMMUNITIES THE OPPORTUNITY TO REACT TO THE TAX LOSSES BEFOR THEY ARE GONE AND TRY TO DEFLECT THE IMPENDING DEFICIT. WE HAVE AN EXCELLANT EXAMPLE IN OREGON RIGHT NOW. THE $204 MILLION DEFICIT IN THE STATE BUDGET MEANS CUTBACKS ON HUMAN SERVICES AT A TIME WHEN THEY ARE NEEDED MOST. WHO WILL PAY THE BILL FOR THE CORPORATIONS THAT HAVE CLOSED THEIR DOORS??? IT SURELY WON'T BE THOSE CORPORATIONS. IT WILL BE THE WORKERS WHO ARE STILL LUCKY ENOUGH TO HAVE JOBS AND THE SMALL BUSINESSES WHO STILL HAVE THEIR DOORS OPEN. DOESN'T THAT SEEM JUST A LITTLE UNFAIR?? WE ARE PENALIZING PEOPLE FOR WORKING AND SMALL BUSINESSES FOR OPERATING. WE WILL HEAR THAT CORPORATIONS CAN'T AFFORD ANOTHER TAX!! THAT THIS LEGISLATION IS JUST ANOTHER WAY OF CHARGING LARGE CORPORATIONS FOR DOING BUSINESS!! I ASK YOU, IF I OR A MEMBER OF MY FAMILY GOES OUT AND CREATES A BILL OF ANY KIND, WHO WILL PAY IT??? I WILL!!! WHY SHOULD A COMMUNITY BE EXPECTED TO PICK UP THE BILL FOR LARGE CORPORATIONS?? WE WOULD SUGGEST THAT THE TIME IS NOW FOR THE CORPORATIONS TO PAY THEIR OWN BILLS!!! I WOULD FURTHER SUGGEST THAT THE TIME IS NOW FOR CORPORATIONS TO TAKE THEIR ROLES AS RESPONSIBLE MEMBERS OF THE COMMUNITY.

YOU HAVE HEARD MY HUSBAND TESTIFY THAT WE HAVE FACED THIS PROBLEM WHEN THEY SHUT DOWN

GILMORE STEEL DIRECT REDUCTION DIVISION. HE MENTIONED THAT WE, LIKE A LOT OF OTHER PEOPLE, LOST OUR MEDICAL INSURANCE ALONG WITH OUR INCOME. WHAT HE DIDN'T IMPRESS ON YOU IS WHAT THIS MEANT TO US PERSONALLY. SINCE WE CANNOT AFFORD TO KEEP UP THE MEDICAL INSURANCE WITH PRIVATE COVERAGE, WE CAN NO LONGER AFFORD TO KEEP UP THE NECESSARY TRIPS TO THE NEUROLOGIST. IF WE CAN'T PAY HIM, WE SIMPLY WON'T CREATE THE BILL. THIS MEANS THAT THE M.S. COULD GET AHEAD OF US WITHOUT THE BENEFIT OF MEDICAL AID. WHEN THE M.S. DOES GET AHEAD OF US WE WILL BE FORCED TO SEEK OUT COUNTY HEALTH SERVICES...WHO WILL PAY THAT BILL??? TAXPAYERS! THATS WHO!!! WE DON'T LIKE THAT POSSIBILITY. WE HAVE ALWAYS CARRIED OUR OWN WEIGHT. WE DON'T ASK FOR ANYTHING WE CAN'T PAY FOR. I DON'T WANT FREE CARE...I WANT MY HUSBAND TO HAVE A SECURE JOB WITH A SECURE FUTURE...WHY SHOULD I HAVE TO GIVE UP THE DOCTORS THAT HAVE CARED FOR ME, THE DOCTORS WHO I HAVE FAITH AND CONFIDENCE IN SO THAT SOME LARGE CORPORATION CAN MAKE HIGHER PROFITS SOMEWHERE ELSE. WHY SHOULD WE HAVE TO GIVE UP OUR SECURE HOME FOR THE SAKE OF PROFITS AND STOCKHOLDERS DIVIDENDS. WOULD YOU CARE TO EXPLAIN TO OUR 7 YEAR OLD WHY WE MAY LOOSE OUR HOME IF MIKE DOESN'T FIND WORK SOON???

OUR STORY IS NOT MUCH DIFFERENT THAN MOST WE HEARD AT THE CONFERENCE. PEOPLE WANT A CHANGE NOW. THEY ARE WILLING TO GIVE THEIR ENTIRE LIVES TO THE LARGE BUSINESSES IN THEIR COMMUNITIES. IN RETURN, THEY WANT THESE CORPORATIONS TO FOLLOW SOME KIND OF GUIDE THAT WILL MAKE THEM RESPONSIBLE FOR THE COMMUNITIES THAT HAVE GIVEN THEM THOUSANDS OF DOLLARS IN PROFITS. AND FOR THAT, THEY WILL AGREE TO CONTINUE TO BE RESPONSIBLE EMPLOYEES. THEY ARE WILLING TO CONTINUE TO PAY THEIR TAXES AND HELP SUPPORT THE COUNTRY IN WHICH THEY LIVE.

THREE HUNDRED AND FIFTY PEOPLE, GENTLEMEN, CAME TO SEE WHAT THEY COULD DO TO HELP CREATE ECONOMIC DEMOCRACY. THEY SENT ME HERE TODAY TO ASK YOU TO WORK WITH THEM AND HELP THEM CONTINUE TO BUILD THE KIND OF ECONOMY THAT THIS COUNTRY WAS FOUNDED ON. ONE IN WHICH EVERY PERSON HAS THE RIGHT TO A JOB, HOME AND A SECURE COMMUNITY.

PLEASE WE IMPLORE YOU, DO NOT TURN YOUR BACK ON THESE PEOPLE WHO NEED YOUR HELP. DON'T TURN DOWN THE LEGISLATION THAT COULD HELP NOT ONLY THEM BUT TO ENSURE THE FUTURE OF THE ENTIRE COUNTRY. BECAUSE THIS COUNTRY'S FUTURE ECONOMY IS AT STAKE.

STATEMENT OF MARY BOTKIN, PORTLAND PLANT CLOSURE COMMITTEE

Ms. BOTKIN. I'm Mary Botkin, and I'm here, both as Mike's wife, as well as a mother, and as a codirector of the plant closure committee. I was asked to come here to represent 350 people that attended a conference here in Portland in June, on the weekend of the 20th to the 22d. This conference was aimed at and addressed the ever-increasing problem of plant closures.

This conference, and the people who attended, mandated on the final day of the conference that we should call and demand for passage of national legislation, and that we should set up regional efforts to pass State legislation.

There will be State legislation, as you've heard earlier, submitted here in Oregon, that speaks pretty directly to the problem, and is very similar to the Federal legislation.

Basically, we all realize that the legislation is too late for people who are already out of work. Most of these people are very concerned that, through passage of this legislation, that it will maybe not stop plants from closing—it's not aimed to do that—but that it would help mitigate some of the problems that those workers and their communities are facing daily right now.

We were impressed with the fact that 350 people gave up a beautiful weekend in Oregon—and if you have been here very long, you know that that comes very rarely—to sit in a stuffy room and talk about the problems of unemployment.

They came, ready to work. They came to work to save themselves. They came to ask for government programs that were not give-away programs. They didn't want the Government to answer their problems with another form of welfare; they wanted something that was going to stabilize our economy. They wanted jobs.

They realize that there are no laws in this country right now to help answer these problems. Government does not have the answer. There just simply are no laws to help anybody.

They walked away seeing very clearly that corporations now have the power to devastate an entire region of our country with one phone call and three small words—"Shut it down." It's just that simple.

The legislation, as we see it, is not just an aid to workers, but it's an aid to small businesses, businesses that don't have any other source of income once that major employer shuts its doors.

You've heard everybody here today from Oregon talking about the $204 million deficit that we're facing here in Oregon. What that translates down to is human services are being cut. State and county workers are losing their jobs, which creates a bigger deficit.

Our question consistently has been, who is going to pay the bill? It's not going to be the corporations that have shut their doors. They're not going to be there to pay the bill.

It's going to be the workers who are still lucky enough to have jobs, and the small businesses that are still lucky enough to have their doors open; and to us that seems just a little bit unfair.

We're suggesting that we're penalizing people for working, and small businesses for operating, and we would ask—or maybe demand—

that it is time now for corporations to pay their own bills. They created the bill. If I went out and charged something, I'm expected to pay it. That corporation owes no less to the community. It is time for them to clearly take their role as responsible citizens and responsible members of the community.

My husband has testified about the problems that I face, and the problems that the lack of medical insurance has created. I am outraged that at some point I'm going to have to give up the doctors that I have—that have cared for me, that I have confidence in and faith in, because I simply cannot afford to continue to pay them.

It's very disturbing that if I have problems, which, you know, it is undoubtedly that I will, that I will have to seek out county health programs, which means the taxpayers are going to pay that bill. Not the corporation that put my husband out of work, or that took our medical insurance away.

I think that I can speak for myself, and a lot of other people in this State, and in the entire region as well, that we're all a little tired of having to give up our security for the sake of profits and dividends for stockholders.

And I too am sorry that the gentlemen left that spoke in opposition to this bill, because I would find it very interesting to see them standing in the unemployment line. They talk about their hardships, but we don't see them standing in the unemployment lines. They go back and soak their tired feet in their nice comfortable homes, and they live off of their nice comfortable savings accounts. Unfortunately, workers don't have that, and our story isn't any different than countless others that we heard at the conference.

People want a change. They want help now. They want to work with government in whatever way they can to stabilize the economy that this country was founded on. One where people have a right to a job.

And that in return for their efforts, they will work with the corporations. They will continue to be reliable employees and responsible citizens. They'll continue to pay their taxes, with a minimal amount of complaints. Many of us would be glad to pay taxes right now.

We clearly need this legislation, and I think that it would be very important to say that, you know, we will do here in Oregon, both on the State level as well as a regional level, whatever is necessary to mobilize the people that it will take to demand that this legislation be passed, and not 10 years from now.

Thank you.

Mr. Clay. Thank you for that very eloquent statement.

I hear statements like that all over this country, and although most people don't understand why we are confronted with such serious problems as we are—but it's the policy of this administration, and it was the policy of the Ford administration, and the policy of the Nixon administration, to deliberately create higher levels of unemployment to fight inflation.

It would be a very simple matter to put everybody in this country to work. A very profitable matter. And for every 1 percent of unemployment—and they talk about unemployment in percentages—we're talking about 1 million human beings that are not working. Every time we would reduce the unemployment rate by 1 percent, we would be talking about an additional $1 billion in Government taxes.

If we put all of the unemployed to work today, this Government would benefit by close to $60 billion. Consider the $20-some billion that we're spending in unemployment compensation, and the money we're losing now in tax revenues, and the billions more that we're spending for welfare and associated programs like food stamps, we would be the beneficiary of some $60 billion. And it wouldn't cost us but $23 billion to put all of those people to work.

But we have people, like some of the witnesses today, who argue that the Government should not get into that kind of business. I don't know what the purpose of government is if it's not to help those who cannot help themselves.

Do you have a statement, sir?

Mr. CARTER. Yes. My name is J. D. Carter, and I represent the Lane Coalition To Save Jobs.

Mr. CLAY. Are you Shorty Carter?

Mr. CARTER. Yes; I sure am.

Mr. CLAY. All right. That's how it's listed.

Mr. CARTER. That's a nickname that I've been unable to overcome.

[Prepared statement of Shorty Carter follows:]

Prepared Statement of Shorty Carter, Lane Coalition To Save Jobs

The Lane Coalition to Save Jobs is composed of trade union members and members of local community organizations. We are concerned with the foundation of our local economy and by the direction of economic change in our region, and we are in search of measures which will preserve employment opportunities, individual and family income, and economic prosperity and stability at the community level.

We in the Lane Coalition to Save Jobs have been studying the economy of Lane County and of the Pacific Northwest. We have found that we experience economic phenomena common to other areas in the Northwest. Specifically, we have found our economy to be dependent on one major industry over which we have little control. We are vulnerable to capital mobility and the havoc which it visits upon communities, and this <u>despite</u> the fact that ours is a growing economy.

The question we address regards the structure of our economy. Indeed, let us use the metaphor of a physical structure in our analysis. If we think of the regional economy as a house, we can ask about its foundation, its walls, roof, etc. The <u>foundation</u> is the base of the economy. A regional economy rests on its basic industries, those industries which produce goods and services for export to other areas and thereby enrich the local economy by bringing in money. Our basic industries are lumber and wood products, agriculture and food processing, electronics, and tourism and aerospace in Washington. Within this foundation are imbedded

the supporting beams and walls of our economic house. These are the industries which facilitate economic activity by providing an infrastructure. These supporting walls are construction, transportation, communication, utilities, finance, real estate and government. Upon all of this sets the secondary industries of trade and services.

As we inspect this structure, we will want to discover if there are any structural problems. We all know that a crack in the foundation is more expensive and serious than a leak in the roof. Do we have a crack in our foundation? Is our house undergoing change? Are there remodeling projects underway which will transform its appearance and function?

These are the questions we attempt to answer in our inspection of the local economy. We begin by inspecting the foundation, our basic industries. The oldest and largest part of the foundation is the lumber and wood products industry. This has always been our largest export industry and despite talk about diversification we are still mightily dependent upon this vital resource. In 1979, lumber and wood products (including paper manufacturing) accounted for nearly 40 percent of manufacturing employment in Oregon, 18 percent in Washington, and 32 percent in Idaho. Here in Lane County, lumber and wood products employment is 70 percent of manufacturing employment, by far the largest part of the foundation.

Our dependence on lumber and wood products employment is over 10 times the national average. This fact makes us extraordinarily

sensitive to recessions, as we have painfully rediscovered the past few months. The unemployment rate in Lane County is 11.2% compared with 7.8% nationwide. In Oregon alone, over 16,000 jobs in lumber and wood products have evaporated, more than during the last recession. The reason we mention this cyclical problem is because there is a rash of plant closures during every recession. Listen to what has happened here in the last year: Brand S, Conifer Plywood, All American Stud, Eugene Stud and Veneer and probably Bohemia in Junction City and Cress-Ply in Creswell are all closed. Nearly 1000 jobs gone. This is why mill employment after a recession never reaches its pre-recession peak.

Not only is the forest products industry besieged by cyclical problems, its long-term outlook is not favorable. Indeed, a fairly sizable crack in our foundation is developing. Whole companies are packing up and leaving the area for the South. Firms with significant timber holdings in the South include Weyerhaeuser, Crown Zellerbach, International Paper, Willamette Industries and Southwest Forest Industries. Why this exodus? Because second growth timber is not ready for cutting in the Northwest, because the South is a nonunion, low-wage labor area, and because most timber there is privately owned.

What other trends are evident in this important corner of our economic foundation? We know there is likely to be increasing shortages of timber, and its price will accordingly rise. One important cause of the current supply problems is the growing <u>concentration</u> in the industry. Control over timber resources by a few

firms is not a recent development. As early as 1913, the Federal Bureau of Corporations warned of monopoly control of our standing timber.

Since this original land grab the "Big 6" have consolidated their control over timber resources by buying smaller mills who owned timber. Between 1950 and 1970, Georgia-Pacific engaged in 86 mergers--43 involved timber acquisitions. I myself witnessed many of these mergers. From the end of the depression through the 1960's, dozens of sawmills operated in Lane County. Many of these small mills owned some timber stands. In the 1950's, these small mills became the target of companies like Georgia Pacific who would cut the timber in a matter of years and close down the plant. In 1963, five operators with contracts with IWA Local 3-246 closed in the same number of months. This left a large number of older workers with no livelihood--permanently.

The result of such mergers is fewer mills in the Northwest and a concentration of holdings--the Big 6 own 2/3 of the private commercial timberland in Oregon and Washington. In 1977, 46 percent of total lumber was produced by the 50 largest firms--10 years earlier, only 28 percent of our lumber came from the top 50.

This control is one source of the squeeze on small mills. It is the smaller mills that own no timber and are thus dependent on federal timber, whose price has increased sevenfold in the last decade. The large firms are not dependent on federal timber. Weyerhaeuser, for example, the leader in timber inventory, grows 90% of what they consume each year.

Another source of pressure on the smaller timber companies and mills is the rapid rate of mechanization in the industry. Productivity has increased faster in sawmills than in other kinds of manufacturing plants, and new production processes in pulp, paper and chips are even more capital intensive. There has been a steady decrease in how much labor is used in production relative to capital.

But not all mills receive the investment in capital equipment necessary to remain competitive in today's market. Instead, many will close, such as the Pope and Talbot plant in Kalama, laying off 350, or All American Stud in Springfield, killing 200 jobs. There have been 17 permanent closures of mills in Oregon in the past eight months. In the past 10 years, closures have lost Lane County workers 3000 jobs in 28 mills.

There is yet another crack in the lumber and wood products foundation--log exports continue to set records. It is all that is keeping Weyerhaeuser afloat, according to industry spokespersons. Well, it clearly is not keeping the workers afloat. Even the widely read Beuter report shows that log exports cost us jobs, yet this phenomena is continually downplayed.

I spend so long on the timber industry because it is so important. Its relative economic decline has profound implications for the rest of our economy. It will severely affect all of the other manufacturing activities which depend on it: machine shops, specialized transportation equipment, testing equipment, and so on.

Thus its corner of the foundation is large. Even more important, its decline will devastate some nonmetropolitan areas. Their house just might collapse. Rural areas are being forced to turn from lumber to other economic activities such as tourism, mining, agriculture, and retirement services. These are not even as strong a foundation as lumber and wood products.

Thus, it appears that the oldest part of our foundation has dry rot--it is shrinking relative to the rest of the house. Naturally, this will lead to sags, buckles and other undesirable qualities in a structure.

Are there developments elsewhere in the foundation which can help shore it up? Unfortunately, we are not impressed with the trends in economic development in the Northwest. Washington is dependent on aerospace, a notoriously unreliable industry. We remember how 60,000 workers lost their jobs in the early 1970's. In Oregon, the fastest growing basic industry is electronics. States and communities are falling over each other competing for these firms. We need the jobs so desperately that we overlook the costs associated with this development. The biggest cost might well be future instability. Economists call these firms footloose because they are able to locate anywhere where there is labor. We seem to be in favor at the moment, but these firms move around a lot and have plants littered across Southeast Asia. Do not misunderstand us--we are not "no-growth" proponents. We are working people interested in a stable economy.

It is for this reason and the nature of our economy just outlined that we testify in support of this legislation.

The legislative remedies under discussion today are vital not only to the individuals and families directly affected, but for the preservation of public services and business life in the community as a whole. Mandatory closing notices with appropriate penalties for failure to comply, severance pay, retraining and relocation assistance and compensation to the community for lost tax revenues are absolutely essential if the personal and social costs of economic dislocation are to be held to a minimum and shared in a just and fair manner.

Full financial disclosures and economic impact studies must be provided in order to give workers, their representatives and the community the information they need to evaluate the alternatives to a proposed closure and to plan for the future. Finally, technical and financial assistance must be made available for community or worker buy-outs of economically viable firms and for local development studies and planning. We are not talking about legislating Utopia, we are talking about giving people a chance to survive.

The basic concern of the Lane Coalition is employment opportunity and economic stability at the local level. Therefore, we must deal with the problem of economic development--and not just with its direction or goals but with the decision-making process through which goals are determined.

Some of the economic choices currently being advocated for the Northwest do not offer a solution to our local problems. Instead, they perpetuate the problems which stem from a lack of local control and economic development controlled by outside

capital. Consider, for example, the idea that the Northwest should be bidding for the manufacturing and assembly operations of the aerospace and electronics industries. Is this healthy? Or is it another version of our present dilemma?

American workers and American communities have been bearing the brunt of adjustment to a new world economic order in which their interests are no longer taken account of. The preservation of economic opportunity for the worker and the economic life of communities now depends on a restructuring of the process through which economic choices are made. Only community control assures that the community's interests will be protected. Therefore, we urge the enactment of legislation which will provide for truly democratic planning procedures at the local and regional level and the creation of public investment funds to support the economic self-determination of American communities. For what we see in Lane County mirrors national trends, which, if not changed, will lead to increasing economic insecurity, a steady decline in job opportunities, and an inevitable deterioration in the quality of life for American workers and the communities they live in.

STATEMENT OF SHORTY CARTER, LANE COUNTY COALITION TO SAVE JOBS

Mr. CARTER. The Lane Coalition To Save Jobs is composed of trade union members and members of local community organizations. We are concerned with the foundation of our local economy and by the direction of economic change in our region, and we are in search of measures which will preserve employment opportunities, individual and family income, and economic prosperity and stability at the community level.

We in the Lane Coalition To Save Jobs have been studying the economy of Lane County and of the Pacific Northwest. We have found that we experience economic phenomena common to other areas in the Northwest. Specifically, we have found our economy to be dependent on one major industry over which we have little control. We are vulnerable to capital mobility and the havoc which it visits upon communities, and this despite the fact that ours is a growing economy.

In our inspection of our economy, we have discovered a crack in the foundation. The oldest of our basic industries, lumber and wood products manufacturing, is deteriorating. It is an industry besieged by cyclical problems, as well as long-term deterioration. The cyclical burdens lead to plants closing.

Listen to what happened in Lane County during the last year: Brand S, Conifer Plywood, All American Stud, Eugene Stud and Veneer, and probably Bohemia in Junction City, are all closed, costing nearly 1,000 jobs. This is why employment in forest products after a recession never regains its prerecession peak.

Not only is the forest products industry besieged with cyclical problems; its long-term outlook is not favorable. Firms are moving to the south in search of timber and docile labor.

Increasing concentration and control over private timber resources forces small mills out of business. Small mills which have timber have been systematically bought out by the big firms. I myself have witnessed many mergers, with the ultimate result of closures of small mills. The worst offender here is Georgia Pacific, with its buy, cut, and run strategy.

Technological changes, log exports, exert still more pressure on small mills and workers in this industry. We are truly frightened by the economic consequences of this deterioration in our economy. It will affect everything: Other manufacturing trades, service, and government. It is too big to be ignored.

We are also concerned about the nature of the economic development in Lane County and the Northwest. Some of the economic choices currently being advocated do not offer stability. For example, consider that communities here are competing against each other for firms in electronics and air space technology. These industries are either job eliminating or job exporting. The firms themselves are highly sensitive to the allocation of Government defense contracts, and their operational strategy is based on global research for maximized profits at minimized costs.

Mr. CLAY. Mr. Carter, could you kind of summarize? We'll include the whole thing in the——

Mr. CARTER. Mr. Chairman, if you'll bear with me, I only have one more paragraph. We've already submitted written testimony.

Mr. CLAY. OK.

Mr. CARTER. Those companies with international balance sheets in Lane County, with people who live and work here, do not; so there's no reason to believe that employment in these industries will be stable, in either the long or the short run.

It is for these reasons we testify in support of this legislation. These legislative remedies are vital, not only to the individuals and families directly affected, but the preservation of the public services and business life in the community as a whole.

Mr. CLAY. Thank you. Any questions?

Mr. FEINSTEIN. No.

Ms. BAUM. No.

Mr. CLAY. I have no questions. I just want to thank you for your testimony.

Mr. CARTER. Thank you for coming here.

Mr. CLAY. The next witnesses are the Oregon Ratepayers Union, Bev Stein; and Oregon Fair Share, Mr. Terry Lewis.

Your statements will be included in the record. You may proceed as you like. We would prefer you give us 5 minutes or less.

Ms. STEIN. Yes. I don't think that this testimony should take longer than 5 minutes. I read real fast.

The REPORTER. Not too fast.

Ms. STEIN. Yes; well, you'll have a copy.

[Prepared statement of Beverly Stein follows.]

PREPARED TESTIMONY PRESENTED BY BEVERLY STEIN, ATTORNEY, THE RATEPAYERS UNION

The Ratepayers Union is a citizen organization working for public power and promoting the use of renewable resources and conservation. We believe community controlled, decentralized, labor intensive energy production is the best way to serve peoples' energy needs and keep our communities economically healthy.

The plant closure issue is important to us because it also concerns the health and vitality of our communities. We know the suffering caused by increasing utility bills and know that workers without jobs will share this suffering. And we are aware of the psychological and physical harm to our communities and to individual workers caused by plant and mill closures.

Jobs and energy are intricately combined. When there are no jobs people can't pay their utility bills. And if the potential of energy conservation techniques were adopted perhaps some jobs could be saved. For instance if co-generation (the use of industrial waste heat) were used more pervasively by industry, jobs would be created and saved. Jobs for boilermakers, steamfitters, carpenters, plumbers, sheetmetal workers and others who install co-generation equipment, would be created.

Jobs could be saved in plants which are pressured by high energy costs. For instance at the Longview Mill in Longview, Washington and at the Springfield Mill in Oregon co-generation is used so extensively that these mills actually sell excess energy capacity to their local utilities.

According to a study done by Rocket Research Company for the Bonneville Power Administration, there is a total technical potential for co-generation of 590 megawatts in Oregon but only 168 megawatts are actually installed; 92 percent of the potential is in the forest related industries. There are similar possibilities for jobs in other forms of renewable resources and conservation.

The National Employment Priorities Act, H.R. 5040, include provisions which would help industries or workers implement ways of preventing unemployment such as installing energy saving devices and the Act provides for technical assistance to help workers who want to purchase a workplace—including planning for saving on energy costs.

The Ratepayers Union is committed to seeking control over energy decision-making policy because we think this strengthens the community and we support the efforts of workers seeking control over their job futures. The Ratepayers Union urges your serious consideration of the National Employment Priorities Act so we can keep our communities prosperous and liveable.

STATEMENT OF BEV STEIN, ATTORNEY, OREGON RATEPAYERS UNION

Ms. STEIN. The Ratepayers Union is a citizen organization working for public power and promoting the use of renewable resources and conservation. We believe community controlled, decentralized, labor-intensive energy production is the best way to serve people's energy needs and keep our communities economically healthy.

Mr. CLAY. Would you state your name for the record, please?

Ms. STEIN. My name is Beverly Stein. I'm the attorney for the Ratepayers Union.

The plant closure issue is important to us because it also concerns the health and vitality of our communities. We know the suffering caused by increasing utility bills, and know that workers without jobs will share this suffering. And we are aware of the psychological and physical harm to our communities and to individual workers caused by plant and mill closures.

Jobs and energy are intricately combined. When there are no jobs, people can't pay their utility bills. And if the potential of energy conservation techniques were adopted, perhaps some jobs could be saved. For instance, if cogeneration—the use of industrial waste heat—were used more pervasively by industry, jobs would be created and saved. Jobs for boilermakers, steamfitters, carpenters, plumbers, sheetmetal workers, and others who install cogeneration equipment would be created.

Jobs could be saved in plants which are pressured by high energy costs. For instance, at the Longview mill in Longview, Wash., and at the Springfield mill, in Oregon, cogeneration is used so extensively that these mills actually sell excess energy capacity to their local utilities.

According to a study done by Rocket Research Co. for the Bonneville Power Administration, there is a total technical potential for cogeneration of 590 megawatts in Oregon, but only 163 megawatts are actually installed. Ninety-two percent of the potential is in the forest-related industries. There are similar possibilities for jobs in other forms of renewable resources and conservation.

The National Employment Priorities Act, H.R. 5040, includes provisions which would help industries or workers implement ways of preventing unemployment, such as installing energy saving devices, and the act provides for technical assistance to help workers who want to purchase a workplace—including planning for saving on energy costs.

The Ratepayers Union is committed to seeking control over energy decisionmaking policy, because we think this strengthens the community, and we support the efforts of the workers seeking control over their job futures. The Ratepayers Union urges your serious consideration of the National Employment Priorities Act so we can keep our communities prosperous and liveable.

I just wanted to add that the State Labor Energy Coalition, of which the Ratepayers Union and Fair Share are members, decided this week to establish a citizens' labor resource center, which will be collecting data on plant closures and the issue of jobs, and try to help make the connection between jobs and energy.

Mr. CLAY. That's in the regional area here?

Ms. STEIN. This is starting in Portland. I hope that eventually, if we ever get enough money, we can expand; but we'll be happy to provide what types of information we are able to collect to your committee.

Mr. CLAY. Fine.

Mr. Lewis?

[Prepared testimony of Terry Lewis follows:]

Prepared Testimony of Terry Lewis, Springfield Fair Share

My name is Terry Lewis. I live at 554 N. 4th St., in Springfield, Oregon, and I am a member of the Springfield Chapter of Oregon Fair Share. At a neighborhood meeting on July 15, 1980, our membership voted to begin work to find a way to reduce the harmful affects of a plant closing on the workers and on the community. Our members are aware of the suffering that results when workers are deprived of their jobs, through no fault of their own, but because a group of executives decided that their corporation could make more money by closing down a mill and opening another where labor is cheap. Not only do these workers lose income and hope for a secure future for their families, they lose their self-respect as well. Domestic violence, illness, and death are the product of such corporate decisions based on "sound business principles," i.e.-- "put money where it will make the most profit."

The people who make decisions to close down profit making mills because they aren't making high enough profits are not monsters. They don't see the men, women, and children who suffer the consequences of decisions like this. They see themselves merely doing their job, acting responsibly, protecting the interests of those who own the company. Perhaps it is the price we pay for biggness. The distance from a corporate board room to a Springfield mill is so great that a decision to shut down can be made on "logic" and "sound business principles" without feeling the connection between that decision and the lives it will destroy.

labor donated

If we wish to protect working people and their communities from such suffering, how are we to do it? Are we to ask the multi-nationals to voluntarily agree not to close down profit making enterprises if it will have a severe impact on the community and it's workers? Should we ask them to sign agreements with communities or states that would protect the workers and their communities? Should government pass laws requiring the companies to take certain steps to minimize the harmful affects of a plant closing?

West Germany, France, England, Belgium, The Netherlands, and other countries have all adopted legislation aimed at protecting the workers and their communities, but we have taken no such action. Why? Why haven't American workers demanded the same protections given workers in other Western nations?

Although there are dozens of arguments pro and con to every aspect of HR5040, perhaps the real reason is that big corporations have too much power, and we are afraid to even try to hold them accountable for their actions; afraid it can't be done; afraid that if we try to resist, we will lose what little we have won. If we try to restrict the right of multi-nationals to do as they please, they will take our jobs or raise their prices. Either way, we lose.

So the real question today is not whether this or that provision of HR5040 is good public policy, but whether or not government has the power to restrict the behavior of a giant corporation when it is clearly in the best interests of the people to do so. This bill and all others like it will be fought to the end by corporations that see this as a test of power. We have passed laws that restrict the right of individuals to act in a way that is harmful to others. Do we have the will and the power to place the same restriction of corporations?

Members of Springfield Fair Share are committed to democratically controlled government: "Of the people, For the people, and By the people." We congratulate this committee for opening national debate on this critical question and we thank you for inviting us to testify.

STATEMENT OF TERRY LEWIS, SPRINGFIELD FAIR SHARE

Mr. LEWIS. My name is Terry Lewis, and I'm a member of the Springfield chapter of Oregon Fair Share. Oregon Fair Share is a statewide citizens' organization, made up of roughly 20,000 families throughout the State who are working together to see that ordinary people have a voice on important issues that affect their lives. The Springfield chapter, which I am representing today, is made up of about 200 members of a neighborhood in Springfield.

At a neighborhood meeting on July 15, 1980, our membership voted to begin work to find a way to reduce the harmful effects of a plant closing on the workers and on the community. Our members are aware of the suffering that results when workers are deprived of their jobs, through no fault of their own, but because a group of executives decided that their corporation could make more money by closing down a mill and opening another where labor is cheap.

Not only do these workers lose income and a hope for a secure future for their families; they lose their self-respect as well. Domestic violence, illness, and death are the product of such corporate decisions based on sound business principles; and so forth, "put money where it will make the most profit."

The people who make decisions to close down profitmaking mills because they aren't making high enough profits are not monsters. They don't see the men, women, and children who suffer the consequences of decisions like this. They see themselves merely doing their job, acting responsibly, protecting the interests of those who own the company.

Perhaps it is the price we pay for bigness. The distance from a corporate board room to a Springfield mill is so great that a decision to shut down can be made on logic and sound business principles, without feeling the connection between that decision and the lives it will destroy.

If we wish to protect working people and their communities from such suffering, how are we to do it? Are we to ask the multinationals to voluntarily agree not to close down profitmaking enterprises if it will have a severe impact on the community and its workers? Should we ask them to sign agreements with communities or States that would protect the workers and their communities? Should the Government pass laws requiring the companies to take certain steps to minimize the harmful effects of a plant closing?

West Germany, France, England, Belgium, the Netherlands, and other countries have all adopted legislation aimed at protecting the workers and their communities, but we have taken no such actions. Why? Why haven't American workers demanded the same protections given workers in other Western nations?

Although there are dozens of arguments, pro and con, to every aspect of H.R. 5040, perhaps the real reason is that the big corporations have too much power, and we are afraid to even try to hold them accountable for their actions; afraid it can't be done; afraid that if we try to resist, we will lose what little we have won; if we try to restrict the right of multinationals to do as they please, they will take our jobs or raise their prices. Either way, we lose.

And it's already been pointed out today that the large corporations are rather conspicuous by their absence here. Maybe they feel that they have so much power that they can do what they want, anyway, and don't have to be bothered with congressional hearings.

At any rate, the real question today seems to be not whether this or that provision of H.R. 5040 is good public policy, but whether or not government has the power to restrict the behavior of a giant corporation when it is clearly in the best interests of the people to do so. This bill and all others like it will be fought to the end by corporations that see this as a test of power.

We have passed laws that restrict the rights of individuals to act in a way that is harmful to others. Do we have the will and the power to place the same restrictions on corporations?

Members of Springfield Fair Share are committed to democratically controlled government, "of the people, for the people, and by the people."

We congratulate this committee for opening national debate on this critical question, and we thank you for inviting us to testify.

Mr. CLAY. Well, we thank you for your testimony. I don't have any questions.

Mr. FEINSTEIN. I don't.

Mr. CLAY. Did you have additional comments you wanted to make?

Mr. LEWIS. No comments. I appreciate your coming.

Mr. CLAY. The committee will recess for 10 minutes. We will reconvene at 2:25.

[The subcommittee meeting was in recess at 2:15 p.m. and reconvened at 2:25 p.m.]

Mr. CLAY. The hearing will come to order.

There's going to be an announcement. At 10 minutes of 3, this hearing will end, whether or not we have heard all of the witnesses. Counsels for the committee must catch a 3:15 plane.

We have three panels left. Each panel will be given 7 minutes.

The first panel is Nita Brueggeman, Red Byers, and Margaret Webber.

Welcome to the committee. Your statements will be included in the record in their entirety. Who's going to speak for the group? You've got 7 minutes.

Ms. BRUEGGEMAN. As a group we have 7 minutes?

Mr. CLAY. Yes.

[Prepared testimony by Nita Brueggeman follows:]

PREPARED TESTIMONY OF NITA M. BRUEGGEMAN, FIELD REPRESENTATIVE, PACIFIC NORTHWEST JOINT BOARD, AMALGAMATED CLOTHING & TEXTILE WORKERS UNION, AFL-CIO, CLC

IMPACT OF PLANT CLOSURE AND PERMANENT CUTBACKS IN MOXEE CITY, AND WENATCHEE, WASH.

The total population of Moxee City, Wash. is 700 residents. The city boasts of 2 restaurants, 2 gas stations, 2 taverns, and couple of stores and three commercial businesses. The largest business was Sunset Sportwear. On January 17, 1980, Sunset Sportswear gave two weeks notice of a permanent closure. The total workforce numbered 127 people, 110 of the workers were members of Local No. 922 of the Amalgamated Clothing & Textile Workers Union. Like too many contracts,

Local No. 922 had no provisions for plant closure in the bargaining agreement. It has been a hard lesson to learn, for me, their business rep., and for them, the victims of that plant closure. The town of Moxee City is trying to overcome the losses. The population has decreased since the closure and the revenues from Sunset have been reduced more than 80 percent, according to Mayor Tanosse.

As soon as ACTWU heard of the closure, not from the company; but from a member of the local, we immediately applied for Trade Readjustment Act benefits. The company claimed the closure was due to imports. It has been over 8 months since the claim was filed, 5 months since the investigation and still no final word has been received about the status of our claim for these workers.

The workers from Sunset Sportswear have had similar but different problems. Many of the workers are over the age of 50. In fact 30 percent were between 51 and 64 years old, most of them are still looking for work. It is a sad fact in plant closures, older workers are often threatened with financial problems that they have spent a life time trying to overcome. Seven of the older workers at Sunset have been forced to retire early with lower benefits. Several more are waiting to retire even with the lower benefits.

Dave was a younger worker at Sunset, with a large family. He was drawing unemployment benefits, but the Employment Security Dept. made him take a job for $3.00 per hour less than he earned at Sunset and with no benefits. Dave is now in a job that forces him to take help from welfare, and makes it impossible for him to find higher paying, suitable employment.

Jim worked at Sunset just over a year. He is a full time night student at Yakima Valley College, and has been for over 2 years. Jim worked full time and a fair amount of overtime at Sunset. When the plant closed Jim applied for unemployment benefits. He was turned down. The reason was; he was going to school, carrying 12 credit hours, therefore; he couldn't be available for full time work, that's the rules. He has in fact worked full time and gone to school, but the rules say he can't be. Jim has found another job, but with no benefits.

Twenty-eight sewing operators from Sunset Sportswear have gone to work in a garment factory in Yakima. This is a piece work factory as was Sunset. Operators are paid for what they produce and are guaranteed minimum wage. Less than half remain, the main reasons given for quitting are: (1) Difficulty in learning and adjusting to new work after all the time at Sunset. (2) Frustration of being new, and making so little money. (3) Could not afford the cost of driving to the plant for the wages they were earning. DeLoris, Silvia and Martha are some of the 12 operators remaining, and on the average the group earns between $1.50 and $2.50 per hour less than they did at Sunset. They must wait 30 days for paid holidays, three months for medical benefits and 9 months to 1 years for vacation, they had all the benefits at Sunset. They are starting all over again, not by choice; but by necessity.

What happened to the responsibilities of Sunset Sportswear? Well, some of the management people received between 3 and 6 weeks severance pay. The contract said employees get vacation pay in July, so they did . . . in July. The plant closed it's doors in February. Sunset did manage to eliminate some 21 workers from being eligible for vacation pay. The contract says if you terminate for any reason other than dishonesty, you must have been continuously employed for one year by July 1 to collect pro rata vacation. This language was never intended to be used for a plant closure situation, but it was. One of the members caught in this "catch 22" was Teresa. Teresa could not find work after the plant closure, she was unable to draw unemployment here; so she went to California, stayed with relatives. She was not able to find work in California either. Teresa waited for her vacation check to come home, only there isn't going to be one, she missed her year by 8 days. The company didn't tell her, they just didn't send her a check, I had to tell her. She doesn't know how she will get home, her parents don't know how she will get home, and I don't know how she'll get home either.

In another situation, Vickie and Al have been having some financial problems for nearly two years, that's when Al lost his job. In September 1979 Al got another job. Vickie told me in early January that they were just beginning to feel like they might make it yet, two weeks later, Sunset announced their plant closure. Vickie told me she didn't know what would happen now. She said all the time Al had been off work he had developed a drinking problem and that had caused marital problems, but until now (meaning the closure) she thought things were getting better. She asked me what else could go wrong?

67-746 O - 81 - 30

In Wenatchee, Washington, on May 4, 1980, Mountain Products Division of Sportcaster called a special employee meeting at 2:20 p.m. The meeting was to notify the workers of a 2-week lay-off beginning at 4 p.m. that day. There was no advance notification to the union or any local officers, there was no promise to reopen. The workers were told the company would let them know in 2 weeks what was going to be happening. The company did recall some of the workers at the end of 2 weeks, but for 27 out of 72 ACTWU members it meant permanent lay-off. The workforce is down to 34 today and the unemployment rate in Wenatchee is running 13 percent. The company challenged loyalty on the part of the employees because they were supposedly starting rumors about a permanent shutdown.

Sportcaster says they'll give 2 weeks to 30 days notice if they decide to close the plant. With all these assurances, some employees are staying, not due so much to company loyalty, but due to the 13 percent unemployment rate and the fact that the only other garment factory in town is working 3 days per week. This industry doesn't usually prepare workers for other types of work, only other garment factories. Like Sunset Sportswear, I don't think Sportcaster will give reasonable notification of closure, these companies don't want workers leaving any sooner than they are ready to put them out.

If workers had some rights during an impending plant closure, they would stay. If companies were made to accept responsibility for the workers they leave behind, the workers would stay. If workers knew they had a future after a plant closure, they would stay. Workers have a right to compensation for their past labors for employers. Legislation such as the Employment Stabilization Act of 1981 will help insure rights to workers to even out the automatic rights of companies.

STATEMENT OF NITA BRUEGGEMAN, AMALGAMATED CLOTHING & TEXTILE WORKERS UNION, WENATCHEE, WASH.

Ms. BRUEGGEMAN. I'm Nita Brueggeman with Amalgamated Clothing and Textile Workers Union, and I'll just run over some things briefly.

I'm a business agent for Clothing Workers, and I've had a plant closure in Moxee City, Wash., which is outside of Yakima, and a permanent cutback in Wenatchee, Wash., which is in central Washington.

Moxee City has a residency of about 700 citizens. Sunset Sportswear was the single largest employer in that town.

On January 17, 1980, Sunset Sportswear gave 2 weeks notice of a permanent closure. The total work force numbered 127 people. One hundred and ten of the workers were members of Local No. 922 of the Amalgamated Clothing and Textile Workers Union.

Like too many contracts, Local No. 922 had no provisions for plant closure in the bargaining agreement, because we thought we were dealing with a plant that wasn't going to be closing, so it's been a difficult lesson for all of us, to learn that the plant had no real obligations, not only to the community, but also to those members.

The population of the town has decreased about 80 percent—excuse me, the population has decreased and the revenues from Sunset have decreased about 80 percent, according to the city planner.

As soon as Amalgamated heard of the closure—and we did not hear it in advance from the company, but from a phone call from one of our members—we immediately applied for trade readjustment assistance. That was 8 months ago. Five months ago the investigation took place, and we still have not received anything from that in the way of final status of our claim.

The workers from Sunset have had many different kinds of problems—a lot of personal problems, and a lot of financial problems. Many of the workers were over 50 years of age; in fact, 30 percent were between 51 years of age and 64 years old.

We had a brand new pension plan that the company was able to get off rather cheaply on. Several of the workers had been forced to retire with much lower benefits, and some of them are waiting to retire even with the lower benefits.

Mr. CLAY. I think you might be intruding on somebody else's time, unless they want to give all of the time to you; but it's just going to be impossible for us to——

STATEMENT OF MARGARET WEBBER, EXECUTIVE BOARD, SEAFOOD WORKERS 554-P, UNITED FOOD & COMMERCIAL WORKERS, ASTORIA, OREG.

Ms. WEBBER. I'm Margaret Webber, Astoria, Oreg., and I'm with the Seafood Workers. We had a plant closure this year, on February 1, Bumblebee Seafood, Castle & Cooke, a Honolulu-based multinational.

They on October 2, said that they were thinking about closing, and talking about the product, and it cost too much to ship product from southern California to the Northwest, so they would probably terminate the Astoria plant.

They finally, after rumors and rumors, they finally got around to doing it. However, we'll see in the future that it won't cost too much to send local tuna from the Northwest to the plant in San Diego.

The union and the management negotiated a bonus for the people. This bonus was paid after 10 years. Up to and including 10 years, you got 3-weeks pay, and then 1 week for each year after that.

That was all well and good. A bonus is a premium or a dividend for past service. But when the dividend was paid, the unemployment stepped in and said, "This is severance pay," and people were denied their unemployment. I happen to be one of those. I was denied 5 weeks.

However, I know of a woman who worked 22 years. She told me the other day that she's working approximately 1 day a week. She would have received $112 a month—a week—unemployment, and she had 15 weeks denied. She said she would have been better off not to have gotten that bonus.

Mr. CLAY. Did she file an appeal?

Ms. WEBBER. Yes; we filed two appeals. We went to where we could go, to the court of appeals, and as far as I know, legal counsel was looking into that, but it was probably going to be too costly for us to even go that way.

I know this has had an economic impact on the community, because Astoria is a depressed area anyway. We have been for a long time.

And we just had a 17-day strike, one of the seafood plants, and of course, without the Bumblebee plant, which there was about 500, probably 500 jobs lost, and without that seafood plant to absorb the high school, college and—well, maybe I shouldn't say it, but the Oriental people who are settled in Astoria, and then they tried to operate, you know, through our picket line, which they did for 17 days. They had about 22 people employed. Mostly young people and Orientals.

I think that this has—I think it is probably the worst thing that's happened to the people there. Most—a lot of them don't have work yet. But I think one of the worst things that could have happened was this unemployment situation.

Mr. CLAY. You mean the taxing of it?

Ms. WEBBER. Yes. Well, the money was taxed. It was called a bonus, and they also asked had they paid this in December, would they still have called it severance pay, and they said very definitely, yes, they probably would have.

So—so I won't take any more time, and I hope I've covered it, and I will give this other gentleman an opportunity?

Mr. CLAY. Mr. Byers?

STATEMENT OF RED BYERS, PACIFIC NORTHWEST JOINT BOARD OF ACTWU

Mr. BYERS. I'm Red Byers, ACTWU of the Pacific Northwest. The plant closures are no new thing to us. I think the textile industry is one of the first places where companies shut down to run away from unions.

They ran to the Deep South, where they could get away and use racism and antiunionism, and there is a tradition of antiunionism in the South. Now there are different kinds of corporate reasons for shutting down plants.

We heard some very nice things this morning about what businesses can do, and we have heard about plants where there was all kinds of severance pay, and lots of warning, and opportunities to transfer, and all this. And I'm not going to say that didn't happen.

But the critical need for this kind of legislation is because of the kind of people we dealt with in the Moxee City case, where we heard rumors of the plant closing, we asked, and they said, "Well, where on Earth could you get such an idea?"

They demanded that the newspapers nearby retract having written about the rumors of them closing.

And then they turned around and closed. They flatout lied to us, and they just bailed out.

And if some—one gentleman said this morning there is a risk to the entrepreneur, to the investors, to the operator, or whatever. Fine. Let's spread around the risk.

I would like to take the benefits that that company took when it ran away from town, and spread that among other people. That town is devastated. The mayor of that town admits now that they built a new city hall and police station, and a number of nice things in that town, on the basis of projected income.

That biggest plant in town just shut down, after lying to the community, lying to the workers—absolutely reprehensible behavior—and they cut out. They cut out and they took their money and ran away.

I think that any kind of legislation along this line should have something like an escrow; anyone, for the privilege of doing business, ought to have a certain amount of money set aside all along just to show their good faith; and then if they have a lack of good faith, that money will be used to relocate and retrain people who are the victims of this kind of behavior.

Mr. CLAY. Thank you.

Mr. BYERS. Certainly. Thank you for coming here this afternoon.

Mr. FEINSTEIN. I would encourage these witnesses and those who have come before, and those who will come after to take the opportunity—the record will remain open for 2 weeks—to supplement anything you said here today. It will be included in the record in full. And we, of course, apologize for having to move along here.

Mr. CLAY. Thank you.

Mr. BYERS. Thank you.

Mr. CLAY. The next witnesses are Nate Coleman, Brent Rich, Sam Kennie, and Whitney Howard.

Good afternoon, gentlemen.

Mr. HOWARD. Good afternoon, Congressman.

Mr. CLAY. All of your statements will be included in the record, and, as counsel said, the record will remain open for 2 weeks, if you'd like to comment on any of the other statements that have been made today. Just get the information to our office.

Will you identify yourself for the record?

[Prepared statement of Nathan W. Coleman follows:]

Prepared Statement of Nathan W. Coleman, President and General Manager, Lane Plywood, Inc., Eugene, Oreg.

INTRODUCTION:

I am Nathan Coleman, president and general manager of Lane Plywood, Inc. Our company operates a plywood mill, located in the city limits of Eugene, Oregon. Our principle product is sanded softwood plywood. Our operation, in comparison to other wood products plants, is labor intensive; and we presently employ about 430 people. Lane Plywood has been producing plywood at this same location for about 28 years.

LANE PLYWOOD--A SINGLE PLANT, LOCALLY OWNED COMPANY:

Lane Plywood gives preference in employment to stockholders. And at the present time most of our employees are stockholders. Of the non-employee stockholders, most are former employees, their families and local business people. Because of the heavy employee ownership of our company, Lane Plywood is often referred to as a co-operative. However, Lane Plywood is not a co-operative--it is organized, operated and taxed as a regular corporation.

THE EXPANDING MARKET FOR PLYWOOD:

Softwood plywood is truly a growth industry, with production having expanded 68% over the past 15 years. However, all of this expansion has been in the South. By the end of 1964 the South had 3 mills, which produced less than 1% of the nation's softwood plywood. By the end of 1979 the South had 65 mills, which produced over 8 billion square feet of softwood plywood, representing 42% of our country's total production. With their new, modern plants, plentiful, low-cost timber and close proximity to heavily populated areas, it was inevitable that the South would take over the major eastern and mid-western markets formerly supplied by the western mills. The overall market for plywood has expanded tremendously--but so has production capacity. During a housing boom there is sufficient demand for plywood to keep nearly all of the mills, including the western mills, operating. But with just a slight dip in the level of construction (especially home building) plywood market prices decline rapidly. Operating costs do not respond to plywood price declines and the already thin profit margins of the western mills turn into big losses. So in a declining market it is the western mills, with their old plants, marketing disadvantage and extremely high raw material costs that are the first to shut down or curtail production.

PLYWOOD PLANT CLOSURES AND CURTAILMENTS DURING THE CURRENT RECESSION:

According to the American Plywood Association there were 187 producing softwood plywood mills in the United States at the end of 1979. Last April it was reported that 72 of these mills were completely closed and another 55 had curtailed their production. At that time 1/4 inch sanded plywood was

selling at $54 below the year earlier price; and 1/2 inch 5-ply sheathing was selling at $62 below the year earlier price. Since the market reached this low point in April, prices have gradually recovered and many of the mills that had closed or curtailed are now back in full or close to full production. Plywood prices are still not high enough to support current timber and log prices but what recovery that has been made is indeed welcome. But the point I am about to make and this is the really important part--the price recovery was not attributable to any significant increase in demand for plywood. Rather, it was due to constraints on production. As of about a week ago there were still 30 plywood mills completely shut down and another 28 curtailed. If all of these mills, or maybe just some of them, would suddenly start producing, the market would be thrown into another tailspin. Our company and others in similar circumstances would probably not survive a repeat of the last few months.

H.R. 5040 IS NOT THE SOLUTION TO OUR PROBLEM:

The answer to full employment is not to encourage or force the production of unwanted and unneeded products. How many times do we need to prove that the forces of supply and demand do a far better job in responding to our economic needs than any bureaucracy can provide? We should not be spending our limited resources in attempting to save obsolete plants that cannot compete. It is inevitable that many of these mills will close anyway, for lack of timber. It will take more than an Act of Congress to keep them running.

SOLUTION NEEDED:

I agree that unemployment, especially in the wood products industry, is a terrible problem which we need to solve. And the way to do it is to stabilize the construction industry, especially in housing. There is tremendous demand for new housing and it will continue throughout this decade. But to get the job started we must look for new ways to finance the construction of these needed new homes. If we build these homes we will be providing jobs, not only for our local mills, but for the whole country.

Thank you for your attention.

Nathan W. Coleman

Nathan W. Coleman

STATEMENT OF NATE COLEMAN, LANE PLYWOOD, INC.

Mr. COLEMAN. I am Nathan Coleman. I am the president and general manager of Lane Plywood.

I would like to identify the people who are here from the standpoint of basically who we represent, Northwest Timber Association, of which our four companies are members.

Northwest Timber Association consists of about 35 small business type sawmills and plywood mills in western Oregon. We have a number of employees ranging all the way from about 50 to a particular mill, up to maybe 450. We're all under 500, and so we're classified as small business.

I will give my testimony, and then I'll let each member of our panel introduce himself.

Our principal product is sanded softwood plywood. We have operated in Eugene for 28 years at Lane Plywood, and presently we employ about 430 people. We give preference in employment to stockholders and, at the present time, most of our employees are stockholders.

Softwood plywood is truly a growth industry, with production having expanded 68 percent over the past 15 years. However, all of this expansion has been in the South. By the end of 1964, the South had three mills, which produced less than 1 percent of the Nation's softwood plywood; but, by the end of 1979, the South had 65 mills which produced over 8 billion square feet of softwood plywood, which represented 42 percent of our country's total production.

The overall market for plywood has expanded tremendously, but, as you can see, because of the expansion in the South, so has the production capacity. So, in a declining market, which we have certainly experienced recently, it is the Western mills, with their old plants, marketing disadvantage, and extremely high raw materials costs that are the first to shut down or curtail production.

According to the American Plywood Association there were 187 producing softwood plywood mills in the United States at the end of 1979. Last April it was reported that 72 of these mills were completely closed, and another 55 had curtailed their production.

Since the market reached this low point in April, prices have gradually recovered, and many of the mills that had closed or curtailed are now back in full or close to full production. Plywood prices are still not high enough to support current timber and log prices, but what recovery that has been made is certainly welcome.

But the point I am about to make—and this is the really important part—is that the price recovery was not attributable to any significant increase in demand for plywood. Rather, it was due to constraints on production. As of about a week ago, there were still 30 plywood mills completely shut down and another 28 curtailed. If all of these mills, or maybe just some of them, would suddenly start producing, the market would be thrown into another tailspin.

The answer to full employment, in my opinion, is not to encourage or force the production of unwanted and unneeded products. We should not be spending our limited resources in attempting to save obsolete plants that cannot compete. It is inevitable that many of these mills will close anyway, for lack of timber. We just don't have enough logs to go around.

I agree that unemployment, especially in the wood products industry, is a terrible problem, which we need to solve. But I think there's a better way to do it, and the way to do it is to stabilize the construction industry, especially in housing. There is termendous demand for new housing, and it will continue throughout this decade.

But to get the job started, we must look for new ways to finance the construction of these needed new homes. If we build these homes, we will be providing jobs, not only for our local mills, but for the whole country.

Now I represent a plywood mill. The other three members of this panel represent sawmills, and I'll let them take over at this point.

Mr. CLAY. Let me ask you a question. Is there a shortage of timber in the Northwest?

Mr. COLEMAN. There definitely is.

Mr. CLAY. And you mentioned that one of the reasons for the problems in the industry here is the high cost of raw materials. Why is it cheaper in the South than it is in the Northwest?

Mr. COLEMAN. Well, to begin with, there's a monopoly controlling the timber in the Northwest, and the timber that is available to plants like our 35 mills that are represented by Northwest Timber Association is practically all in the hands of the Federal Government.

Mr. CLAY. The Government has the monopoly?

Mr. COLEMAN. That's correct. Government owns it.

Mr. CLAY. Do they let you cut trees on their property?

Mr. COLEMAN. They let us cut trees if we pay for them.

Mr. CLAY. I mean, I would assume you should pay for them, but are you saying that if you wanted to purchase the trees you can purchase them? Don't you purchase them from other people?

Mr. COLEMAN. Yes; we've purchased logs as well as timber. However, the point is, our mills are almost totally dependent upon the Federal Government, and not enough timber is being put up for sale in order to take care of the demand.

Mr. CLAY. Yes, Next?

[Prepared statement of F. Brent Rich follows:]

Prepared Statement by F. Brent Rich, General Counsel, Cuddeback Lumber Co., Eugene, Oreg.

My company, Cuddeback Lumber Company, vigorously objects to passage of H.R. 5040. While we have serious objections to virtually every section of this bill, our major objections are in the following areas: the notice requirements of Section 4, the investigation provisions of Section 5, the transitional assistance provisions of Section 9, the assistance to business concerns, employers, and cooperative associations provisions of Sections 16, 20 and 21, and finally, the tremendous bureaucracy that will be created to administer this program. I would like to make a very brief statement summarizing our concerns in each area.

NOTICE

From the viewpoint of an employer trying to imagine how he would make a good faith effort to comply with the notice requirements of Section 4, this legislation appears very much analogous to an effort to repeal the law of gravity. One can write it down on paper and vote for it, but it does not change reality. The plain fact is that very few, if any, companies can predict with any precision major changes in their operations as much as 18 months to two years in advance. The reason is that, by and large, these changes are dictated by changes in economic circumstances. Recent events have demonstrated that even highly qualified government economists with almost limitless information at their disposal cannot accurately predict economic conditions even three months in advance. Yet this legislation blithely proclaims that every company with sales of $250,000 or

more will predict with precision, up to two years in advance, what the economic conditions will be and exactly how those economic conditions will affect their company down to the details of the names of the employees who will be affected. If subsequent events showed the predictions to be incorrect and the person making them was unable to show that he did not know that they were incorrect, he would face the possibility of up to five years in prison and a $10,000 fine. Would that just one-tenth of that kind of penalty could be imposed on those so-called experts who have so poorly predicted our present economic situation. The experience of our own company illustrates the difficulty of complying with Section 4. We employ approximately 200 people, so the 18-month requirement would apply to us if we were forced to undertake a complete shutdown. Eighteen months ago, the lumber market seemed to be healthy. If we had had to predict at that time, we would have had no reason whatever to give notice. Then, the present administration suddenly decided to stampede in the direction of higher interests rates and destruction of the housing market as a means of controlling inflation. At that point, prudence would have dictated that we give an 18-month notice under Section 4. However, through careful and vigorous action we have been able to so adjust our operation such that we have been able to limit our layoffs to less than 10 percent of our work force. In other words, despite our most careful efforts over the past 18 months, we would have been unable to properly comply with provisions of Section 4 of this legislation.

INVESTIGATION REQUIREMENTS

Most changes in operation are occasioned by economic exigencies. When an economic downturn that would cause a reduction of operations occurs, that is the worst possible time for the corporation and its employees to be diverted from the task of trying to cope with the economic problems to preparation for, and participation in, a large-scale government investigation of its operations. It is also the worst possible time for confidential financial and other competitive information to be made a matter of public record to be used by competitors and others to further weaken the company.

TRANSITIONAL ASSISTANCE

The transitional assistance provisions of Section 9 impose a staggering financial burden on my company. The lumber products industry is a highly cyclical industry. Consequently, we must be prepared at all times for the possibility of complete shutdown. The only way for my company to prudently prepare for the contingent liabilities imposed by Section 9 would be to maintain a cash reserve in the amount of our total annual payroll. In fact, the only practical way for my company to prepare for compliance with both Section 4 and Section 9 would be to assemble a cash reserve equal to two-and-one-half times our annual payroll. Thus when a downturn came neccessitating a complete shutdown, we would shut down the operation but give Section 4 notice and and continue payment of wages for 18 months, then provide the

transitional assistance for an additional year. In fact, that scenario is a summary of the practical effect of this legislation. Unfortunately, although our company is financially strong, the creation of such a monumental cash reserve is economically impossible. We would be forced to cease business operations prior to enactment of this legislation.

SECONDARY LIABILITY

The secondary liability provisions of Section 10 would have a chilling effect on mergers, sales or refinancing to avoid anticipated operations changes. This could prove particularly onerous for a company whose change of operations is occasioned by financial difficulties. This chilling effect would make it much more difficult for the distressed company to merge with or sell to a financially strong organization in an effort to prevent the operational changes.

ASSISTANCE TO BUSINESS CONCERNS, EMPLOYERS, AND COOPERATIVE ASSOCIATIONS

For the most part the effect of Sections 16, 20 and 21 is to seriously distort the efficient allocation of resources provided by the free market system. The effect is to prolong the existence of operations that the competitive market says should be killed. This delays the transfer of resources from inefficient operations to more efficient employment of those resources, thus reducing productivity making U.S. industry less competitive with foreign firms.

NATIONAL EMPLOYMENT PRIORITIES ADMINISTRATION BUREAUCRACY

This legislation creates a new government agency at a cost that can only be guessed at the present time. Indications are that the cost would be tremendous. In most of its functions, the organization would be duplicating activities presently performed by state employment agencies. Ultimately the major thrust of this legislation is to create extended unemployment benefits higher than the present state levels and extending over much longer periods of time. If Congress, in fact, concludes that such extended unemployment benefits are really necessary and desirable, the purpose would be much more efficiently accomplished by a system of supplemental, extended benefits provided by the federal government to be added to existing state unemployment benefit programs.

In conclusion I can assure you that my company cannot continue to exist under this proposed legislation. The irony is that if it becomes apparent that this legislation will become law, it will be necessary for our company to cease operations and liquidate. We simply cannot assume the tremendous contingent liabilities which this legislation would impose.

STATEMENT OF BRENT RICH, CUDDEBACK LUMBER CO.

Mr. RICH. My name is Brent Rich. I'm general counsel for Cuddeback Lumber Co. I'll summarize my summary.

While we have serious objections to virtually every section of this bill, our most serious objections are to the notice requirements of section (4) and the transitional assistance provision of section (9).

From the viewpoint of an employer trying to imagine how he would make a good-faith effort to comply with the notice requirements of section (4), this legislation appears very much analogous to an effort to repeal the law of gravity; one can write it down on paper and vote for it, but it doesn't change reality.

The plain fact is that very few, if any, companies can predict with precision major changes in this operation as much as 18 months to 2 years in advance. Our own company's experience is illustrative of the problem.

If we had had to predict 18 months ago what our situation would be at the present time, we would not have given section (4) notice. Then the present administration suddenly decided to stampede in the direction of higher interest rates and destruction of the housing market as a means of controlling inflation. At that point, prudence would have dictated that we give an 18-month notice, since we employ about 200 people, under section (4).

However, through careful action on our part, we've been able to adjust our operation such that we've been able to limit our layoffs to less than 10 percent of our work force. In other words, despite our most careful effort over those past 18 months, we would not have been able to comply with the provisions of section (4).

Section (9) imposes a staggering financial burden on the company. The only practical way for our company to prepare for compliance with both section (4) and section (9) would be to assemble a cash reserve equal to two and a half times our annual payroll. That's because of the highly cyclical nature of the industry.

Thus, when a downturn came in, for example a complete shutdown, we would discontinue our operation and give section (4) notice and continue payment of wages and benefits for 18 months. Then we would provide transitional assistance for an additional year.

I think this scenario is a summary of the practical effect of this legislation. Unfortunately, although our company is strong financially, the creation of such a monumental cash reserve is economically impossible for us.

The irony is that if it becomes apparent that this legislation will become law, it would become necessary for our company to cease operation, as it simply cannot assume the tremendous contingent liability which this legislation would impose.

Thank you.

Mr. CLAY. Do you believe that a company has any responsibility to its workers and to the community?

I realize that you say you oppose these provisions of this particular piece of legislation. What do you perceive as the social responsibility or conscience of the corporation?

Mr. RICH. Well, in this particular situation, if we were faced with the possibility of a shutdown, we would try to notify our people as soon as we could, as soon as we could see that it was inevitable.

Of course, our obligation is to try in every way that we can to avoid a shutdown or cutback, through every method that we can. I think some of the provisions of this legislation make it more difficult to do that.

The notification, ironically, would be part of the problem, because of what's been mentioned earlier, as far as key people leaving, notifying competitors that you're in trouble, and that sort of thing; and the investigation requirements, which would presumably make financial information available to competitors and so on.

Mr. CLAY. Do you feel that the Government has any responsibility whatsoever to try and soften the blow to all—to the individuals who lose their jobs under these unfortunate circumstances?

Mr. RICH. Well, I think that they do, and I think that it's being done to a certain extent through State employment benefits that are available.

If in fact the Federal Government feels that those are not sufficient in this kind of a situation, perhaps some supplemental programs administered under the State programs would be sufficient.

Perhaps creating a new bureaucracy, in your opinion, would not seem the appropriate way to do it.

Mr. CLAY. Yes?

STATEMENT OF V. M. HOWARD, SENECA SAWMILL CO.

Mr. HOWARD. Mr. Chairman, my name's V. M. Howard. I'm vice president and general manager of Seneca Sawmill. Just a few brief comments.

Several mills, independents like ourselves, have gone out of business in the Eugene-Springfield area in the last 5 years. There's not one person from those plants here today.

Whether the independents closed in a different manner than the multinational groups we've been hearing about all day might lead you to take a look, if you're going to pursue as to what the definitions of people to be included should be. I fight like hell with the multinationals at the bidding table for timber, and I'm competitive, and they don't scare me a damn bit.

I do think, if there's where your problem is, then you ought to put it there, because there are thousands of us independents in the sawmill industry that produce the majoritay of the wood. The bigs only produce about 20 percent. They haven't got us out of the market yet; there's too many of us, and we're too scattered.

We're kind of a classical economic structure of competition. We've got public timber here in the West, and there's private timber in the South, and the whole mess is competitive.

But you may bind our industry to a stage that you would put an anchor around our neck. Our owners would do exactly as Brent has said his would, and would have to either accumulate the reserve to cover the contingency, which would lead—it would do the reverse of what you're after. At the point the business got marginal, they would

say, "We've got this," and close down quick rather than fighting longer. So it would have a reverse effect, in my opinion, for our industry in western Oregon.

Mr. CLAY. Well, you see, that's one of the reasons why we have these public hearings. We can't get all of the information in Washington.

So I'm happy to hear your side. It is important to hear at this point problems that might be created if this became legislation, or law, in its present form.

That's why I think some of the larger companies should have been represented here today, to tell their side of the story. This is just a proposal.

Mr. HOWARD. I understand.

Mr. CLAY. And it works this way throughout the Congress. In fact, this legislation is in two other subcommittees. We aren't the only subcommittee with jurisdiction. The bill has also been referred to the Ways and Means Committee.

Mr. HOWARD. Yeah.

Mr. CLAY. We're just trying to find the story, trying to find out how it will affect the people, so I'm certainly happy that you brought all this out, and brought it to our attention.

Yes?

STATEMENT OF RAY C. SWANSON, SWANSON BROS. LUMBER CO.

Mr. SWANSON. Mr. Clay, I'm Ray C. Swanson. I'm representing Swanson Bros. Lumber Co., which Mr. Kennie was supposed to represent.

I don't have a prepared statement, but I'd like to second the remarks made by Mr. Rich about the effect of the drain on capital in a company such as mine.

It's a company which has been in existence for 43 years, and has run almost continuously since that time. We do feel a responsibility to our people. It's a small enough company, with less than 50 employees, where you know each one personally. We've loaned them money.

Mr. CLAY. Will you make me a loan?

Mr. SWANSON. We supervise them when they have problems—well, personal loans.

Mr. CLAY. That's what I want. One of them Billy Carter ones.

Mr. SWANSON. We know what their problems are, and we're not unsympathetic.

I'm sorry today that some of the people who represent the multinational companies are not here. I would just like to say, I've been on the other side, too. I've been in the unemployment lines; I've ridden in a freight car.

Because of, I guess it's this feeling of security, I do not own a recreational vehicle. I have one car. I don't own my own home. Everything goes into the business.

If we would be subjected to the requirements of section 9 and would have to build this reserve, and as the others have indicated, it's something that would be essential, this would drain off the capital that is now essential to run the business and to preserve those jobs and con-

67-746 O - 81 - 31

tinue the operation. I think in 43 years we've demonstrated a concern for the community and a responsibility to our employees, and we hope to be able to continue that without something being injected that to us is artificial and unrealistic.

Mr. CLAY. Setting aside of the reserve for a major corporation wouldn't be much of a strain, though, would it?

Mr. SWANSON. That's an assumption that I cannot answer. Some of the big corporations—Bethlehem Steel, Lockheed, Chrysler——

Mr. CLAY. Oh, you're talking about Government-owned companies.

Mr. SWANSON. Perhaps.

Mr. CLAY. Do you have any questions before you leave?

Mr. FEINSTEIN. No. Again, thank you. We certainly appreciate it.

Mr. CLAY. Well, we certainly appreciate your testimony.

Mr. RICH. Thank you for having us.

Mr. CLAY. The final witnesses are Roger Yockey and Del Ricks. Del Ricks is not with you, Roger?

Mr. YOCKEY. No, he isn't, nor Mr. Carlisle.

Mr. CLAY. No; they said he wouldn't be here.

Your entire statement will be included in the record. You may proceed as you desire.

Mr. YOCKEY. I have four copies of my statements, and in the interest of time, I will summarize some of the highlights of that statement and add a couple of suggestions.

[Prepared statement of Roger Yockey follows:]

Prepared Statement of Roger Yockey, Executive Director, Oregon Public Employees Council 75, American Federation of State, County and Muncipal Employees, AFL-CIO (AFSCME)

Committee Members:

I am Roger Yockey, Executive Director of Oregon Public Employees Council 75 of the American Federation of State, County and Municipal Employees, AFL-CIO, or commonly know as AFSCME.

AFSCME nationally represents more than one million working men and women in public employment. Here in Oregon, AFSCME represents more than 5,000 workers, including employees in the City of Eugene and Lane County.

I want to make it very clear that there is no division between public and private sector workers and their unions. When a worker is unemployed in a lumber mill, a steel plant, there is concern for that worker and his or her family by public employees. If workers are unemployed in private sector, there is not the taxes being paid, to support public services and there are scon public employees out of a job. And the situation is compounded because unemployed workers and their families need public service.

The old trade union statement that an injury to one is an injury to all is very true today and workers, private and public, in this country have been critically injured by plant closures, mean-minded so-called tax propositions.

Jobs are being lost in Washington, DC, Philadelphia, Detroit, and yes in Oregon; Salem, Lane County and elsewhere.

As the summer 1980 briefing book on major policy issues of AFSCME pointed out, "the recession is just beginning, yet economic problems are already severe in many areas of the country. Tax

revenue growth for state and local governments will slow even more as economic activity declines - and exacerbate existing fiscal difficulties".

Plant closures are destroying the way of life of my Brothers and Sisters in private industry. Budget chopping and public service chopping is destroying the way of life of my Brothers and Sisters in the public sector.

When Chrysler or Ford or General Motors closes a plant there is rightly concern about the workers. There must also be concern when a public hospital, such as Detroit's only public general hospital closed in June.

As AFSCME International President Jerry Wurf recently pointed out, "a public facility closes, and hardly anybody cares".

Well, AFSCME cares about public and private workers and we want, we demand, full employment and we also want a strong "National Employment Priorities Act", introduced by Representative Ford and Senator Riegle.

Labor Day will soon be here and the oratory will be there from the politicians seeking workers votes. Well, I have news for them - there is a hell of a lot of unemployed workers who are tired of promises. They want action, they want jobs, they want corporate and political responsibility.

Everybody in office or wanting to be in office is the friend of the worker! Oh, yeah! Tell the 16 people who lost jobs this year in the City of Salem, the 30 in Polk County, the unknown number in Oregon state jobs, especially in higher education, that they have friends in elected office who give a damn about them.

This year I organized law enforcement and corrections personnel in Burns, Oregon, which is in beautiful, but sparsely populated Harney County. The main employer in Burns is the Edward Hines Lumber Company of Chicago, Illinois. Today, I called Burns and asked how many people are out of work because the Hines Company shut its mill in Hines, Oregon. The answer is 1,000. The business agent for the timber union summed it up very well. "It tears a community all to hell".

The people in Burns do not know if the Hines mill will ever be in operation again. Of course, there was not much notice when the mill went down.

Congress has an opportunity to pass legislation which will provide workers the right to secure employment.

I am from St. Louis area, actually East St. Louis, Illinois, across the Mississippi River. There is a gleaming steel Gateway Arch on the banks of the Mississippi which casts a shadow not only on the tourists who visit it, but also on those who have given up hope of ever finding a job.

Here in Oregon, there is a golden pioneer on the State capitol who looks out on rich farm land and cattle grazing land.

But the golden pioneer is also viewing all about Oregon more and more workers who never thought they would lose their jobs and like so many others may face the tragedy of not having the satisfaction of a job.

Please, restore hope to those who have lost hope and those who each day face another day without employment. Make it this nation's number one priority to make available jobs for all those who want to work.

Thank you.

[Mr. Feinstein and Ms. Baum departed at this time.]

STATEMENT OF ROGER YOCKEY, EXECUTIVE DIRECTOR, COUNCIL 75, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO (AFSCME) AND PRESIDENT, OREGON FEDERATION OF PUBLIC EMPLOYEES, SALEM, OREG.

Mr. YOCKEY. I'm Roger Yockey, executive director of Oregon Federation of Public Employees and Council 75 of the American Federation of State, County and Municipal Employees, AFSME—commonly known as AFSME.

Mr. CLAY. AFSME.

Mr. YOCKEY. AFSME represents more than a million members in public employment in the Nation. Here in Oregon, we reperesent more than 5,000 employees working in the cities, counties, and various institutions.

Let me make it clear that most of the testimony you've heard today concerns itself with the private sector. Not only are we concerned about our brothers and sisters who work in private employment because they are brothers and sisters, but we're also concerned because unemployment in the private sector has a huge impact in the public sector.

Let me point out a few things that are happening in Oregon now. What is happening so far in public employment in this State is not so much a huge loss in public employment jobs. What is happening is that workers who leave public employment for various reasons—retirement, they go elsewhere—are not being replaced.

Jobs are not being done that have been done. Maybe the potholes are not being filled in county and State roads. Maybe trees are not being cut. Those are some of the physical things.

But what also is happening is, the counseling of families with problems is not being done, because there is not the money there to offer counseling services. Health care is not being provided, because there's not the money there for public health care. And child care, where there's always been a shocking lack of services available, is not being provided.

What we're seeing is a reduction in human services because the tax base does not exist when you have loss in the private sector.

The young woman who testified earlier, whose husband lost his job in a steel plant, she talked about forgoing the doctors that she and her family have used and maybe having to go to public health facilities. I have sad news for her.

The hospital to which she might go, the University of Oregon Health Science Center, is one of those areas which is experiencing the largest cuts, because of our deficit in the State.

The prisons, the jails in Oregon, are overcrowded, and the money is not there to build new institutions.

Let's take a look at one community, about 200 miles from here, Burns and Hines, Oreg. Earlier this year, we won the right to represent law enforcement personnel and corrections officers in Hines, Oreg., and Harney County. There's a mill over there called the Edward Hines Co. of Chicago, Ill.

That plant has closed now, and Burns and Hines is a community f several thousand people. I called the business representative today, his morning, who represents the workers, or did represent the workers n the Edward Hines mill, and there have been 1,000 jobs lost in that ommunity with the shutdown of the key employer in that community. And this can be repeated in other cities in Oregon.

I talked to the police officers one time that we represent. I said, "What happens in a community when you lose your No. 1 employer ike that?" And he said, "Over here a lot of things will happen. They'll e more fights in the bars as workers become frustrated; there will be nore family disputes; there will be a hell of a lot more poaching, too." Because unemployed workers many times, to put meat on the table, ave to shoot game out and inside the hunting season.

The bill that we're talking about now, the National Employment Priority Act, defines business concerns as any person who directly or ndirectly owns the controlling interest in, or controls the commercial enterprise, which has an annual employee volume of sales or business done of not less than $250,000.

I think that the committee will seriously have to consider maybe expanding that to public employers. There are public employers, outside the Federal Government, counties and cities, who do a hell of a ot more in revenue than $250,000 and have thousands of employees.

If our public employers are going to plan their budgets, and plan their revenues, let's have them start planning very carefully about the impact of new methods of business, new ways of doing things, and projected revenue sharing that takes into account the workers of their cities and counties.

Mr. CLAY. I might say on that point, that I attempted to do precisely that in the earlier stages of this bill. I attempted to write language in that would cover public institutions, but the parliamentarian informed us that it would be nongermane legislation, that our committee did not have jurisdiction over it, and no way could the language be written to include them, in this particular piece of legislation. It would probably have to be introduced in a separate bill for public institutions.

Mr. YOCKEY. Chairman Clay, we have an excellent parliamentarian who is in Portland, and who is out of work, and I'm sure she'd be very happy to provide some language which would do just that.

Mr. CLAY. Well, it's a question of jurisdiction, and——

Mr. YOCKEY. Yes.

Mr. CLAY [continuing]. In the House of Representatives, it's who has traditionally had the prerogatives and the jurisdiction, so the legislation affecting public institutions would have to go to several other committees.

Mr. YOCKEY. Yes.

I want to emphasize, in my summary of my statements here today, that you cannot have the unemployment that we're witnessing both nationally in the auto industry and in the timber industry here in Oregon without having a huge impact upon public employment, and we're seeing that now in this State. As our unemployment goes up in the private sector, we're seeing a resulting loss of tax revenue, of course, in the public sector, and we're seeing public employees joining

their brothers and sisters in the private sector, in the unemployment line.

We couldn't help but—driving down here from Salem today noticing two things. First of all, we're both from the St. Louis area, and there's a beautiful gateway arch that overlooks the Mississippi River banks there, and within the shadow of that arch, we both know there's a lot of people that have given up hope of ever finding employment.

Here in Oregon, on the top of the State capital, there's a gold-covered Pioneer, and that person is looking out on a growing shadow of unemployed people in this State.

And we urge you and your subcommittee to take back the message to Washington, D.C., that unemployment is not confined just to the Youngstowns, the Garys, the Detroits, but it's also striking a terribly human blow to the Burns, Oregons, the Willaminas, the Portland, Oregons, and elsewhere in this State.

Thank you.

Mr. CLAY. Thank you.

We do have one other thing in common, too. I worked for 5 years as a business agent for AFSME.

Thank you. That concludes the hearings.

[The subcommittee hearing was adjourned at 3:04 p.m.]

APPENDIX

160 Reservoir Road
Whitefish, Mt. 59937

August 21, 1980

House of Representatives
Committee on Education & Labor
Washington, D.C. 20036

Gentlemen:

On August 18th I learned that on Saturday, August 16, 1980, there had been a hearing in Missoula, Montana on H.R. 5040. I am sorry that I did not know about this so that I could have appeared against this bill.

I would like to request that this brief letter be included as part of the comments before the Committee regarding HR 5040.

I am unalterably opposed to legislation of this type which attempts to legislate economics. There are many factors which affect a business and cause it to prosper with a subsequent increase in employment and employee benefits or decline with a decrease in employee opportunities. These factors, in some cases, are beyond the reach of the employees and the management of the company and there is not a great deal they can do about it.

As an example, because this hearing was held in Missoula and because I know it was mentioned by labor proponents of this legislation; I would like to use the Evans Products Co. and it's problems.

Evans has operated in Missoula for at least 20 years. In it's early history, I assume that it was profitable because it expanded it's operation and showed all the signs of being successful. The other Forest Product Companies generally expanded and appeared to be prosperous or they were bought out by other operations.

These prosperous operations were based on a stable or expanding timber sales program on the surrounding Lolo, Bitterroot, Flathead and Deerlodge National Forests.

best copy available

House of Representatives
Committee on Education & Labor
Washington, D.C. 20036

Beginning in 1971, Forest Service Timber Sales programs on all National Forests in Region I were drastically reduced because of environmental pressure by preservationists to stop all timber cutting in unroaded areas, so that they could be studied for possible inclusion as part of the National Wilderness System. This decreased the area available for timber harvest and drastically reduced the area available for current timber sales. The extreme competition for these lesser volume of timber sales started a shakeout situation among the mills in the Missoula area. There simply was not enough timber being offered to support the industry which had been developed. There was an immediate effect in that some of the smaller, poorer financed, more inefficient mills went out of business. Most of the mills managed to keep going by increasing the cut on the private lands; however, this increased competition for timber caused them to operate for extended periods of time at a loss or with very little profit.

Evans Products was simply a victim of this shakeout process and if you want to blame someone for it you should blame the Federal Government for not continuing to sell the full allowable cut on the surrounding National Forests. Evans Products made a valiant effort under very adverse conditions to keep their plant operating and to keep their employees working.

Enclosed are copies of timber sale and timber cut statistics for the years referred to in my previous remarks.

Our country is in dire straits economically today because Congress keeps taking the profits of the productive sectors of our country and giving them to the unproductive sectors.

This legislation is nothing more than another attempt by social minded individuals to take from those that have and give it to those that don't have. This concept is ruining the productive capacity of this country. If labor is justifying this legislation in the name of security for the working man then let's go all the way and have compulsory work for everyone, do away with welfare for the able bodied and let the government decide where everyone works and how long they work. Of course government would have to pay the bill because industry could never make a profit and the main reason they could not make a

House of Representatives
Committee on Education & Labor
Washington, D.C. 20036

profit would be that labor would never give a fair day's work under such a system.

The best solution is to keep the government clear out of the picture. Let Labor and Capital work out their differences so that they work together for the benefit of all society.

Sincerely,

Royce Satterlee
160 Reservoir Road
Whitefish, Mt. 59937

RS/dh
Enc.

FOREST: 3 BITTERROOT

REGION ONE TIMBER SALE PROGRAM STATISTICS *
(ALL VOLUMES IN MMBF)

01/30/80

(1) FISCAL YEAR	(2) AAC OR POTENTIAL YIELD	** PROGRAMMED FISCAL YEAR SELL ** (3) FISCAL YEAR PROGRAMMED FINANCED SELL	(4) ACTUAL SELL OF FY PROGRAMMED SALES	(5) OFFERED-NOT SOLD FY PROGRAMMED SALES	(6) OTHER CREDITED FY PROGRAMMED SALES	(7) TOTAL CREDITED FY ACCOMPLMT (4)+(5)+(6)	(8) DIFFERENCE BETWEEN FINANCED (3) + ACCOMP (7)	** TOTAL CUT + SOLD ** (9) FINANCED CUT	(10) TOTAL CUT	(11) TOTAL SOLD	** OTHER ** (12) VOLUME UNDER CONTRACT (END FY)	(13) SALVAGE SALE FUND VOLUME OFF	SOLD
1961	26.0	40.0	42.7	.0	.0	42.7	2.7	34.0	31.0	42.7	59.4	.0	.0
1962	26.0	65.0	64.7	.0	.0	64.7	-.3	40.0	59.3	64.7	102.4	.0	.0
1963	44.0	47.0	49.1	.0	.0	49.1	2.1	53.3	66.6	49.1	81.5	.0	.0
1964	44.0	41.5	44.7	.0	.0	45.5	4.0	55.6	52.7	44.7	88.0	.0	.0
1965	44.0	46.5	46.0	.0	.0	46.0	-.5	55.0	59.7	46.0	92.1	.0	.0
1966	64.0	67.5	68.5	.0	.0	68.5	1.0	58.9	69.4	68.5	96.9	.0	.0
1967	64.0	76.9	58.9	9.1	.0	68.0	-8.9	61.0	58.4	58.9	94.7	.0	.0
1968	64.0	63.0	62.7	5.1	.0	67.8	4.8	60.0	64.5	62.7	117.1	.0	.0
1969	64.0	56.3	61.9	.0	.0	61.9	5.6	59.5	71.6	61.9	91.7	.0	.0
1970	64.0	62.1	*192.7	.0	.0	*192.7	*130.6	62.0	50.1	192.7	232.5	.0	.0
1971	51.3	59.1	30.1	.0	.0	30.1	-29.0	66.8	46.2	30.1	70.0	.0	.0
1972	51.3	28.7	30.2	.2	.0	30.4	1.7	73.4	45.6	30.2	53.5	.0	.0
1973	51.3	36.3	31.6	.3	.0	31.9	-4.4	50.0	39.0	31.6	47.4	.0	.0
1974	63.7	39.0	34.7	1.0	6.1	41.8	2.8	37.7	22.9	34.7	56.8	.0	.0
1975	63.7	46.0	25.4	20.0	.0	45.4	-.6	35.0	24.4	25.4	57.3	.0	.0
1976	63.7	53.0	25.4	8.5	.0	33.9	-19.1	38.4	24.4	25.4	58.3	.0	.0
T-Q	63.7	2.6	3.0	.3	.0	3.3	.7	14.7	8.5	8.5	58.2	.0	.0
1977	63.7	45.0	44.2	1.0	.0	45.2	.2	45.0	23.7	44.6	76.6	.0	.0
1978	63.7	42.9	42.1	1.3	.0	43.4	.5	40.0	39.2	42.7	70.0	.0	.0
1979	63.7	44.3	38.6	5.6	.0	44.2	-.1	37.9	32.8	38.5	83.1	.0	.0

* DATA IN COLUMNS (3) THROUGH (8) ARE FROM THE FINAL MONTHLY ACCOMPLISHMENT REPORT. DATA IN COLUMNS (10) AND (11) ARE FROM THE FINAL CUT AND SOLD REPORT. DIFFERENCES BETWEEN VOLUMES IN COLUMNS (4) AND (11) ARE DUE TO THE FACT COLUMN (11) INCLUDES SALES SOLD THAT HAD BEEN PROGRAMMED AS FINANCED SELL IN PREVIOUS FYS, PLUS ADJUSTMENTS THAT WERE MADE AFTER THE FINAL MONTHLY ACCOMPLISHMENT REPORT WAS SUBMITTED. AAC IS USED THROUGH 1973, POTENTIAL YIELD IS USED BEGINNING WITH 1974. BEGINNING WITH 1979, SALVAGE SALE AND VOLUMES ARE INCLUDED IN COLUMNS 3 THROUGH 8.

* Missoula Roundwood sale later cancelled. No volume cut

FOREST: 0 DEERLODGE

REGION ONE TIMBER SALE PROGRAM STATISTICS *
(ALL VOLUMES IN MMBF)

01/30/80

(1) FISCAL YEAR	(2) AAC OR POTENTIAL YIELD	** PROGRAMMED FISCAL YEAR SELL ** (3) FISCAL YEAR PROGRAMMED FINANCED SELL	(4) ACTUAL SELL OF FY PROGRAMMED SALES	(5) OFFERED-NOT SOLD FY PROGRAMMED SALES	(6) OTHER CREDITED FY PROGRAMMED SALES	(7) TOTAL CREDITED FY ACCOMPLMT (4)+(5)+(6)	(8) DIFFERENCE BETWEEN FINANCED (3) (7) + ACCOMP	** TOTAL CUT + SOLD ** (9) FINANCED CUT	(10) TOTAL CUT	(11) TOTAL SOLD	** OTHER ** (12) VOLUME UNDER CONTRACT (END FY)	(13) SALVAGE SALE FUND VOLUME OFF	SOLD
1961	39.0	25.0	36.1	.0	.0	36.1	9.1	15.0	5.5	34.1	103.1	.0	.0
1962	39.0	26.0	1.6	3.7	.0	5.3	-20.7	20.0	6.2	1.6	99.9	.0	.0
1963	39.0	26.0	8.5	.0	.0	8.5	-17.5	16.5	13.9	8.5	86.8	.0	.0
1964	39.0	27.6	30.3	.0	.0	30.3	2.7	17.8	12.6	30.3	94.0	.0	.0
1965	39.0	33.0	37.6	1.4	.0	39.0	6.0	20.0	14.9	37.6	111.1	.0	.0
1966	39.0	15.5	19.8	.0	.0	19.8	4.3	18.0	15.2	19.8	136.8	.0	.0
1967	39.0	19.7	19.8	.0	.0	19.8	.1	27.0	20.2	19.8	136.5	.0	.0
1968	39.0	36.0	36.3	.0	.0	36.3	.3	38.5	30.7	36.3	123.9	.0	.0
1969	67.0	51.2	42.1	5.9	.0	48.0	-3.2	44.0	28.3	42.1	123.0	.0	.0
1970	67.0	65.3	47.5	7.7	.0	55.2	-10.1	45.2	26.6	47.5	143.2	.0	.0
1971	67.0	41.8	15.5	.0	.0	15.5	-26.3	39.3	39.2	15.5	98.8	.0	.0
1972	67.0	24.7	23.4	.0	.0	23.4	-1.3	41.2	38.0	23.4	83.2	.0	.0
1973	67.0	37.1	36.5	6.3	.0	42.8	5.7	47.9	27.0	36.5	91.9	.0	.0
1974	64.0	19.0	12.7	6.6	.0	19.3	.3	42.3	20.9	12.7	72.0	.0	.0
1975	64.0	21.0	18.0	.7	.0	18.7	-2.3	38.0	15.6	21.5	60.2	.0	.0
1976	64.0	36.2	12.8	4.5	11.8	29.1	-7.1	25.0	18.5	18.9	49.3	.0	.0
T-Q	64.0	5.2	3.1	4.2	.0	7.4	2.2	9.5	5.8	14.8	78.5	.0	.0
1977	64.0	23.1	12.3	10.7	.0	23.0	-.1	33.0	16.2	15.7	61.1	.0	.0
1978	64.0	18.7	22.6	1.1	7.8	30.9	12.2	32.1	25.8	28.2	44.8	.0	.0
1979	64.0	27.0	25.1	1.5	1.4	28.0	1.0	35.0	21.3	26.8	55.9	.7	.7

* DATA IN COLUMNS (3) THROUGH (8) ARE FROM THE FINAL MONTHLY ACCOMPLISHMENT REPORT. DATA IN COLUMNS (10) AND (11) ARE FROM THE FINAL CUT AND SOLD REPORT. DIFFERENCES BETWEEN VOLUMES IN COLUMNS (4) AND (11) ARE DUE TO THE FACT COLUMN (11) INCLUDES SALES SOLD THAT HAD BEEN PROGRAMMED AS FINANCED SELL IN PREVIOUS FYS. PLUS ADJUSTMENTS THAT WERE MADE AFTER THE FINAL MONTHLY ACCOMPLISHMENT REPORT WAS SUBMITTED. AAC IS USED THROUGH 1973. POTENTIAL YIELD IS USED BEGINNING WITH 1974. BEGINNING WITH 1979, SALVAGE SALE FUND VOLUMES ARE INCLUDED IN COLUMNS 3 THROUGH 8.

REGION ONE TIMBER SALE PROGRAM STATISTICS * 01/30/80

FOREST: 10 FLATHEAD (ALL VOLUMES IN MMBF)

(1) FISCAL YEAR	(2) AAC OF POTENTIAL YIELD	** PROGRAMMED FISCAL YEAR SELL ** (3) FISCAL YEAR PROGRAMMED FINANCED SELL	(4) ACTUAL SELL OF FY PROGRAMMED SALES	(5) OFFERED-NOT SOLD FY PROGRAMMED SALES	(6) OTHER CREDITED FY PROGRAMMED SALES	(7) TOTAL CREDITED FY ACCOMPLMT (4)+(5)+(6)	(8) DIFFERENCE BETWEEN FINANCED (3) + ACCOMP (7)	** TOTAL CUT + SOLD ** (9) FINANCED CUT	(10) TOTAL CUT	(11) TOTAL SOLD	** OTHER ** (12) VOLUME UNDER CONTRACT (END FY)	(13) SALVAGE SALE FUND VOLUME OFF	SOLD
1961	106.0	125.0	131.1	.0	.0	131.1	6.1	103.5	108.9	131.1	177.0	.0	.0
1962	116.0	135.0	137.1	.0	.0	137.1	2.1	130.0	126.7	137.1	197.6	.0	.0
1963	132.9	140.0	146.1	.0	.0	146.1	6.1	135.6	146.3	146.1	219.9	.0	.0
1964	132.9	136.3	135.0	.0	.0	135.0	-1.3	150.1	135.1	135.0	243.2	.0	.0
1965	132.9	131.5	134.3	2.2	.0	136.5	5.0	150.0	145.5	134.3	295.6	.0	.0
1966	132.9	135.0	138.4	.0	.0	138.4	3.4	156.9	167.6	138.4	291.7	.0	.0
1967	132.9	146.7	141.7	.1	.0	141.8	-4.9	155.0	138.6	141.7	276.9	.0	.0
1968	132.9	141.0	147.6	.0	.0	147.0	6.6	148.0	156.2	147.6	290.3	.0	.0
1969	132.9	179.4	150.6	31.4	.0	182.0	2.6	155.2	167.0	150.6	276.9	.0	.0
1970	190.0	220.6	231.7	.4	.0	232.1	11.5	177.1	145.9	231.7	372.6	.0	.0
1971	177.6	209.1	153.8	.0	.0	153.8	-55.3	166.8	149.1	153.8	375.7	.0	.0
1972	177.6	129.1	131.9	.0	.0	131.9	2.8	171.6	156.4	131.9	343.4	.0	.0
1973	177.6	119.1	120.2	.4	.0	120.6	1.5	170.3	110.4	120.2	321.2	.0	.0
1974	146.3	110.0	111.2	2.2	.0	113.4	1.4	160.0	132.5	111.1	304.7	.0	.6
1975	146.3	135.0	141.3	.7	2.7	144.7	9.7	130.0	114.6	148.4	338.2	.0	.0
1976	146.3	158.8	117.1	7.6	10.8	135.5	-14.5	141.6	109.5	117.1	367.4	.0	.0
T-Q	146.3	11.4	6.5	.3	.0	6.8	-4.6	73.8	45.3	5.9	328.0	.0	.0
1977	146.3	125.0	101.6	.7	22.4	124.7	-.3	141.0	121.5	121.1	317.5	.9	.0
1978	146.3	91.0	89.5	2.3	.0	91.8	.8	142.0	88.1	95.1	352.3	3.3	3.1
1979	146.3	156.9	68.0	.7	87.7	157.3	.4	130.0	96.0	73.6	316.2	6.0	6.0

* DATA IN COLUMNS (3) THROUGH (8) ARE FROM THE FINAL MONTHLY ACCOMPLISHMENT REPORT. DATA IN COLUMNS (10) AND (11) ARE FROM THE FINAL CUT AND SOLD REPORT. DIFFERENCES BETWEEN VOLUMES IN COLUMNS (4) AND (11) ARE DUE TO THE FACT COLUMN (11) INCLUDES SALES SOLD THAT HAD BEEN PROGRAMMED AS FINANCED SELL IN PREVIOUS FYS, PLUS ADJUSTMENTS THAT WERE MADE AFTER THE FINAL MONTHLY ACCOMPLISHMENT REPORT WAS SUBMITTED. AAC IS USED THROUGH 1973. POTENTIAL YIELD IS USED BEGINNING WITH 1974. BEGINNING WITH 1979, SALVAGE SALE FUND VOLUMES ARE INCLUDED IN COLUMNS 3 THROUGH 8.

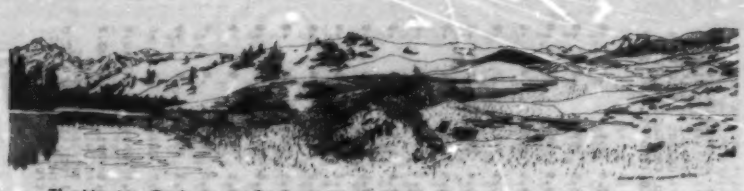
[illegible] EST. 16 LOLO

REGION ONE TIMBER SALE PROGRAM STATISTICS *
(ALL VOLUMES IN MMBF)

01/30/80

(1) FISCAL YEAR	(2) AAC OR POTENTIAL YIELD	** PROGRAMMED FISCAL YEAR SELL ** (3) FISCAL YEAR PROGRAMMED FINANCED SELL	(4) ACTUAL SELL OF FY PROGRAMMED SALES	(5) OFFERED-NOT SOLD FY PROGRAMMED SALES	(6) OTHER CREDITED FY PROGRAMMED SALES	(7) TOTAL CREDITED FY ACCOMPLIT (4)+(5)+(6)	(8) DIFFERENCE BETWEEN FINANCED (3) + ACCOMP (7)	** TOTAL CUT + SOLD ** (9) FINANCED CUT	(10) TOTAL CUT	(11) TOTAL SOLD	** OTHER ** (12) VOLUME UNDER CONTRACT (END FY)	(13) SALVAGE SALE FUND VOLUME OFF	SOLD
1961	169.5	175.0	43.0	1.9	.0	44.9	-130.1	130.0	103.1	43.0	201.0	.0	.0
1962	171.0	150.0	205.5	1.3	.0	206.8	56.8	116.0	107.0	205.5	159.3	.0	.0
1963	188.6	145.0	166.9	1.2	.0	168.1	23.1	113.5	141.6	166.9	240.6	.0	.0
1964	188.6	182.0	198.8	.0	.0	198.8	16.8	152.2	161.2	198.8	209.5	.0	.0
1965	188.6	151.0	145.2	.0	.0	145.2	-5.8	160.6	144.9	145.2	325.4	.0	.0
1966	188.6	164.6	135.4	8.1	.0	143.5	-21.1	141.5	128.8	135.4	383.3	.0	.0
1967	188.6	157.6	161.8	.0	.0	161.8	4.2	160.0	159.3	161.8	425.6	.0	.0
1968	188.6	155.6	140.7	13.8	.0	154.5	-1.1	160.0	135.2	140.7	373.4	.0	.0
1969	188.6	159.5	152.8	14.2	.0	167.0	7.5	148.8	170.4	152.8	413.0	.0	.0
1970	188.6	190.6	373.0	.2	.0	373.2	182.6	207.3	167.0	373.0	635.4	.0	.0
1971	188.6	175.6	111.1	.0	.0	111.1	-64.5	203.5	144.5	111.1	413.4	.0	.0
1972	188.6	148.5	85.2	.1	.0	85.3	-68.2	161.2	158.1	85.2	359.9	.0	.0
1973	184.1	88.1	69.1	21.3	.0	90.4	2.3	183.7	129.5	69.1	303.0	.0	.0
1974	188.8	130.3	104.8	14.5	10.1	129.4	-.9	186.7	114.3	101.9	279.3	.0	.0
1975	188.8	150.0	81.1	19.1	2.4	102.6	-47.4	149.0	110.2	85.1	241.6	.0	.0
1976	188.8	150.0	86.9	17.5	.0	104.4	-45.6	124.2	106.6	86.5	207.2	.0	.0
7-Q	188.8	7.1	7.1	.4	.0	7.5	.4	60.0	24.8	7.3	109.7	.0	.0
1977	188.8	106.4	76.3	12.3	33.0	121.6	15.2	112.0	96.4	109.2	221.5	.0	.0
1978	188.8	131.0	89.1	5.2	37.0	131.3	.3	114.0	84.1	98.1	244.4	.0	.0
1979	188.8	118.8	103.8	4.9	10.2	118.9	.1	129.9	81.0	135.1	311.7	3.8	3.2

* DATA IN COLUMNS (3) THROUGH (8) ARE FROM THE FINAL MONTHLY ACCOMPLISHMENT REPORT. DATA IN COLUMNS (10) AND (11) ARE FROM THE FINAL CUT AND SOLD REPORT. DIFFERENCES BETWEEN VOLUMES IN COLUMNS (4) AND (11) ARE DUE TO THE FACT COLUMN (11) INCLUDES SALES SOLD THAT HAD BEEN PROGRAMMED AS FINANCED SELL IN PREVIOUS FYS. PLUS ADJUSTMENTS THAT WERE MADE AFTER THE FINAL MONTHLY ACCOMPLISHMENT REPORT WAS SUBMITTED. AAC IS USED THROUGH 7-Q. POTENTIAL YIELD IS USED BEGINNING WITH 1974. BEGINNING WITH 1979, SALVAGE SALE FUND VOLUMES ARE INCLUDED IN COLUMNS 3 THROUGH 8.



The Montana Environmental Information Center

• P.O. Box 1184, Helena, Montana 59601 (406) 443-2520
• P.O. Box 8166, Missoula, Montana 59801 (406) 728-2644

August 22, 1980

Representative Ford
U.S. House of Representatives
Subcommittee on Management/Labor
Washington, DC 20515

Dear Representative Ford:

Enclosed is my testimony related to hearings on HR 5640, the Amoway Plant Bill, which you and Representative Pat Williams recently held in Missoula. Please insert our testimony into the hearings record for this important bill.

Thank you for your consideration.

Yours sincerely,

Ron Shaw

Ron Shaw
Staff Director

cc: Rep. Pat Williams

TESTIMONY
of the
MONTANA ENVIRONMENTAL INFORMATION CENTER
IN REGARD TO
HR 5040
"THE RUNAWAY PLANT BILL"
AUGUST 22, 1980

My name is Don Snow. I am Staff Director of the Montana Environmental Information Center. I am speaking today on behalf of MEIC's 1,400 members and its Board of Directors.

In brief, the Montana Environmental Information Center supports passage of HR 5040 with minor modifications. Our reasons for supporting the bill and our comments on certain features of it are as follows:

MEIC has consistently supported legislation that would protect workers and communities from the impacts of runaway industries. I offer for the record the attached press clipping dated February 26, 1980, in which we express support for plant closure legislation similar to HR 5040. We have consistently maintained that industrial growth is both inevitable and desireable in Montana. Industries that locate here have many obligations to their workers and to the state. They should eliminate pollution. They should aid in the development and beautification of their home communities. And above all else, they should maintain a healthy work place and a well-paid work force. A major part of that obligation is that they do not resort to the blackmail of plant closure in order to get their way in the political arena. That is not a good faith gesture to the people of this state, and it creates an intolerable burden on all workers in Montana.

Recently, some industries in this state attempted to blackmail their own workers and the Montana Board of Health into supporting weak ambient air quality laws. After eight consecutive years of receiving air quality variances from the Board of Health, Anaconda Copper opted to play its trump card during the 1980 air quality hearings. The company hinted strongly that if the Board passed tougher-than-federal air quality standards, the Anaconda smelter might be closed permanently, while the company invested in new S. American operations. Such

67-746 O - 81 - 32

environmental blackmail is unacceptable and deplorable to the people of this state. It is a cruel and unnecessary hardship for Anaconda's own workers. And it casts a pall of gloom over the lives of others who seek for both polluting and non-polluting industries in this state. If mighty Anaconda appears ready to pull out on short notice, who else might follow suit? If the passage of decent air quality standards--say for instance more decent than the ones that apply to Gary, Indiana--drives one industry away, how many others might leave and for what fabricated reasons? If a company in Montana mismanages its finances to the point of near bankruptcy, how will we ensure that it won't resort to environmental blackmail in order to reduce the burden of paying for its own clean-up? Some industries in this state appear quite willing to shift the costs of pollution control onto the general public, or more simply, to assault the public's air and water sheds as a free dump.

HB 5040 takes a great step toward eliminating the blackmail of plant closure. Moreover, it is a good and necessary bill to protect the worker from the trauma of a lost job. MEIC strongly supports three major features in the bill. First, the requirement of advance notice for closure is an absolute necessity. MEIC is concerned, however, that small industries are not unfairly burdened by this provision. We support further investigation into the lower threshold of employees that triggers the advance notice requirement. Second, the provision for severance pay is more than a mere courtesy. In most cases it is an economic necessity for the worker. Severance pay would be an essential feature for the workability of the plant closure law. Third, MEIC strongly supports the provision for federal aid to affected communities. It just makes good sense that we don't turn industrial centers into ghost towns overnight, in the same way that we don't turn a ranching town into a powerplant boomtown then tell the mayor to shift for himself. If the industries are to pay for advance notice and severance charges, then the government should be willing to offer community aid to cities affected by runaway plants.

MEIC exists to promote a clean and healthful environment in Montana. We recognize that the central part of the human environment is human life and well-being. We recognize the economic benefits that industries bring to Montana, and we want them to continue bringing their benefits for the good of all workers in this state. We want full employment in Montana. But we also want industries to be good neighbors, responsible to the state's magnificent natural endowments and to its people. If industry wants to continue being a good neighbor in Montana, then it too should support this legislation.

MEIC supports HB 5040 as long as we are confident that it will not burden the small industry or business.

I thank you for accepting this testimony into the record, and I commit it to you on behalf of the MEIC.

Tuesday, February 26, 1980 Great Falls Tribune 7-A

Group supports cushion of impact from closures

Tribune Capital Bureau

HELENA — The Environmental Information Center has called for adoption of federal legislation that would cushion the impact felt by workers and cities when large factories shut down or cut back their operations.

Congress and several states, not including Montana, are considering proposals to require large companies to give up to two years of advance notice of closure. They would also have to provide workers with substantial severance pay and benefits if relocation to new jobs is impossible, explore alternatives to closing and provide community assistance money equal to a percentage of the payroll.

Passage of this legislation could help end the "environmental blackmail constantly being perpetrated by corporations like the Anaconda Copper Co. and its parent company, Atlantic Richfield Corp.," said Joan Miles, a member of the staff of the private, Helena-based environmental group.

She said companies often use environmental regulations as convenient excuses for layoffs and plant closures, while these decisions more often are caused by declining profits within the company or by shifts in the demand for the products.

Anaconda, which laid off 360 workers in Montana last month, has "deliberately left the question of the company's future operation in Montana up in the air, a situation workers in Anaconda, Butte and Great Falls will find hard to live with," Miles said.

This uncertainty became apparent at a hearing before the Board of Health and Environmental Sciences last month when the state Health Department recommended that Anaconda receive its seventh straight variance from clean-air standards, she said. The board is expected to rule in March on the variance, which is a temporary legal exemption from pollution laws.

Although past variances have been granted on the basis that the company was making a good faith effort to modify its smelter to meet the law, Miles said it appears Anaconda is nowhere nearer meeting the standards by the 1982 deadline than it was in 1971 when the regulations were adopted.

"Instead, Anaconda has continually threatened that, if the variances were denied, or if air pollution regulations were too strict, it would close its smelter and Butte mines and move elsewhere," she said.

Shortly after the Health Board hearing, Anaconda laid off the 360 workers, a tenth of its Montana work force. Miles termed the layoffs "a slap in the face to Montana workers who have to eat, as well as breathe clean air, to stay healthy."

GENERAL FACT SHEET

OREGON--Statewide

1) The latest unemployment figure is 9.5 percent for July.
2) The State Legislature has just completed a special session which was convened to deal with a projected shortfall of $204 million in state income tax revenues over the biennium which will end in Jun, 1981. The shortfall is a direct result of the current recession.
3) Oregon's constitution mandates that the state operate on a balanced budget. Social programs and higher education (including the University of Oregon here in Eugene) were among those hit hardest by recent budget cuts.
4) Over 40 percent of Oregon's manufacturing jobs are in the wood products industry. Many communities are one-industry dependent (most often that industry is wood products.)

LOCAL--Lane County

1) Here in Lane County the latest unemployment rate is 11.2 percent for July (seasonally adjusted); that translates into 14,600 people looking for work.
2) The key to Lane County's economy is the effect of national housing construction on the local wood products industry. This is what sends us into deeper recessions than many other parts of the country.
3) There will be very little relief in sight for the local economy if interest rates begin to climb again as is projected.
4) Over the long haul, Lane County, the state and the region face chronic economic dislocation as a result of a timber supply shortage. The reasons for this shortage are hotly debated: the industry likes to blame federal timber withdrawals (e.g., wilderness); others blame log exports (3.4 billion board feet out of the Northwest in 1979), and over-cutting by the huge multinational timber firms (e.g., Weyerhaeuser, Georgia-Pacific, Champion International).
5) Average weekly earnings in lumber and wood products have increased from $349 to $384 as the result of the new union contract negotiated this spring.
6) The average work week is 42.3 hours, since employers prefer overtime during early stages of recovery from recession.

GENERAL FACT SHEET Page Two

TIMBER INDUSTRY--Background

1) An economic cross-section of the timber industry would break down into roughly three groups:

a) the large multi-nationals, or the "big-bigs", firms with well over 1,000 employees and large standing volumes of timber (see chart below).

b) the "big-smalls" with 500-1,000 employees, several mills and some inventory of company lands.

c) the smaller mills with less than 500 employees, most of whom are dependent of federal timber supplies (because the bigger firms will no longer sell to them and would like to squeeze them out.)

Nation wide ownership

(Ranked by timber value)	Acres named (000)	Estimated timber inventory*	Estimated timber value Millions	Estimated timber Per share	Book values per share As Stated (a)	Book values per share Timber Adjusted	Stock price Aug 4	Timber value/ stock price
Weyerhaeuser	5,923	b11,900	$9,534	$73	$21.95	$89.77	37½	1.96
International Paper	8,410	9,001	3,857	80	53.76	117.17	42½	1.87
Georgia-Pacific	4,500	6,046	3,404	31	17.99	42.58	28	1.11
Crown Zellerbach	2,053	3,944	2,910	115	40.59	147.99	48½	2.38
Champion International	3,066	b3,778	2,120	38	27.46	58.84	27½	1.37
Boise Cascade	2,664	b3,024	1,703	64	42.28	100.41	37½	1.70
ITT (Rayonier)	1,274	2,248	1,575	11	39.14	48.91	29½	0.37
St. Regis Paper	3,179	b3,639	1,571	48	37.44	79.58	32½	1.48
Louisiana-Pacific	880	1,964	1,319	44	21.53	59.10	26½	1.64
Burlington Northern	1,402	2,264	1,294	40	65.19	105.88	40½	0.99
Pacific Lumber	185	1,320	1,268	106	14.33	119.50	54	1.96
Scott Paper	2,914	3,493	1,222	31	26.20	55.37	19½	1.62
Potlatch	1,311	b2,340	1,210	80	31.84	107.43	37½	2.12
MacMillan Bloedel	1,305	4,283	1,091	51	33.52	88.59	28	1.82
Willamette Industries	548	906	994	69	26.60	76.62	36½	1.90
Longview Fibre	408	653	914	79	16.72	95.10	34½	2.29
cDiamond International	1,453	1,911	681	49	36.42	83.36	30½	1.59
Times-Mirror (Pub. Paper)	267	b280	414	12	21.53	30.59	37½	0.32
Pope & Talbot	130	b247	332	54	17.10	68.39	29½	2.63
Medford	88	b201	272	109	19.20	126.80	39	2.79
Southwest Forest Ind.	458	332	195	24	24.88	30.73	17	1.41
Bohemia	70	137	156	43	23.05	49.44	21½	1.98

Data Copyright, 1980, by Morgan Stanley & Co.; used with permission. Complete report available from Morgan Stanley, 1251 Avenue of the Americas, NY, NY 10020 (212) 974 4000, for substantial fee. *: Timber inventory in millions of cubic feet of solid wood. a: Book value as stated is the company's book value (including plant) at year-end; timber-adjusted value marks timber to estimated market value. Estimates of timber value and of timber-adjusted book value reflect a 25% volume discount on timber over $1-billion. b: Volume estimate provided by company. c: Diamond International excludes recently acquired Brooks-Scanlon (241,000 acres, 1[illegible]-million cubic feet worth an estimated $1[illegible]).

House panel due in Eugene

8-14-80 P 2E R-G

Hearing set on plant closures

A congressional subcommittee will hear testimony in Eugene Monday on a proposed bill which would require advance notification of plant closures lasting longer than 26 weeks.

The hearing will be conducted by the House subcommittee on labor-management relations from 9:30 a.m. to 1:30 p.m. in Harris Hall at the Lane County Courthouse. Rep. William Clay, D-Mo., is the subcommittee chairman.

Fourth District congressman Jim Weaver, Democrat from Eugene, said the subcommittee is coming to Oregon at his request as part of a series of hearings around the nation to look into the effects of plant closures on workers and dependent communities.

Weaver is not a member of the subcommittee, but said the panel members decided to conduct an Oregon hearing after he told them of the severe impact the recession has had on the state.

"Oregon has always been at the mercy of the national economy, and especially in the housing market," Weaver said. "More than 150 plants have either shut down temporarily or gone to curtailed shifts during the first six months of 1980 in Oregon, affecting more than 13,000 workers."

Weaver said the subcommittee is also interested "in the tendency of large multinational corporations to dump older plants in the Northwest in favor of newer plants in the Southeast and overseas."

Persons wishing to testify at Monday's hearing should contact Weaver's Eugene office as soon as possible, he said.

Pending before the subcommittee is House Resolution 5040 which would require advance notification of plant closures lasting more than 26 weeks. A plant that employs more than 500 people would be required to give at least two years' notice before such a long-term shutdown. Smaller plants would have between six and 18 months to give notice, according to the resolution.

497

United Food & Commercial Workers A.F.L.-C.I.O.-C.L.C.
SEAFOOD WORKERS — LOCAL 554P
926 Duane Street 325-3081
ASTORIA, OREGON 97103

3

August 27, 1980

Hon. William Clay, Chairman
SubCommittee on Labor Management Relations
2451 Rayburn House Office Bldg.
Washington, D.C. 20515

Ref: Field Hearings On H.R. 5040
and Plant Closing Problems
August 18, 1980
Harris Hall
125 East 8th St.
Eugene, Or.

Dear Congressman Clay:

I found your hearing in Eugene, Oregon, very interesting and would like to add to my testimony given at the hearing.

Reference closure of Bumble Bee Seafood, Division of Castle & Cook, Elmore Cannery, Astoria, Oregon. A press release of October 2, 1979 stated their intent to purchase Sand Diego property. It started the closure proceedings of Elmore Cannery. In December, 1979, they said when product was gone, they would close. Final day - February 1, 1980.

Negotiations with them gave employees with more than 1 year's service a bonus, based as follows:

1 through 3 years service	1 week
4 through 6 years service	2 weeks
7 through 10 years service	3 weeks
11 or more years	3 weeks plus 1 week for the 11th and each subsequent completed year.

Oregon State Employment denied these people unemployment for same number of weeks. A hearing was held and testimony taken from Management in favor of employees, saying their intent was not to take place of unemployment but a bonus for past service, a premium, a dividend.

A few people were absorbed in other plants, some moved and some are still not working. Work on the waterfront at other canneries has been slow and during a recent 17 day strike there were problems with high school, college students, Phillipino and other Orientals looking for work and crossing the Union picket line. When Bumble Bee was here, there was never a problem such as this as they absorbed these people.

Bumble Bee was an old plant but had been maintained in good repair. Much money had been spent on it in the past few years and even with threats of it closing, it came as a shock to the community. They said product was too costly to move from Southern Carlifornia to the Northwest, but now with local Northwest Albacore, it does not cost too much to transport same to Southern California.

Astoria is and has been a depressed area and protection is needed for people in this area as well as other areas to keep closures like this from happening.

Respectfully,

Margaret Webber

Margaret Webber,
Executive Board
Seafood Workers 554-P
United Food & Commercial Workers
926 Duane Street
Astoria, Oregon 97103

MW/bjm

Prepared Statement of Communist Party, U.S.A., Oregon District, Portland, Oreg.

The Communist Party of Oregon supports any legislation aimed at curbing the injustice suffered by workers and families resulting from plant closings and runaway shops. We do because it brings to the head of the Agenda of Human Rights the most basic, fundamental of all human rights that must be recognized in a modern industrial society. That is: the right to a job. We are no longer hunters and gatherers, even though some may still try to re-capture that lifestyle. We are a devided nation of people, the majority of whom are the working class, for whom the only realistic way of making a living is to have a job. This right to a job, which is so basic and essential, has not yet been won by the working class. This is because it flies in the face of investors and corporate managers rights, which place profits before people, which maintains the right to buy people by the hour, as if they were just another commodity, to be discarded when not needed, in the judgement of management. The epidemic of plant closings and runaway shops strips naked the capitalist system and exposes its anti-human nature. It is proof again that only corporate profits are capitalists' concern. We must place people before profits.

Any bill proposed must address government take-overs and workers rights to buy out. In such instances, the question of the investors price comes up. We ask, "how many times over have the workers already produced in owners profits the full value of the plant?" "Who should be paying whom?"

In the broad view of plant closures and unemployment we must consider national and international conditions. It is now widely agreed that military spending is a major cause of inflation. To cope with inflation the national policy of government and the large banks of raising interest rates instead of reducing military spending and transferring funds to domestic needs has wreaked havoc on the home building and timber industries. The defense budget is not really for defense, but for making rip-off profits while protecting multi-national foreign investments and creating safety zones for U.S. plants that have shut down and moved abroad. It must be made clear that the places in which multinationals can reinvest are the areas made safe by U.S. military aid. This is a "triple whammy" for American workers. We pay the taxes to support it, suffer the inflation it causes, and see our jobs lost to foreign countries, where U.S. plants are re-established. It is a sobering thought that our country, founded in a fight for national liberation from a large oppressive international power, has now become that oppressive world power. It is with this thought, the relationship of militarism and plant closures, that we urge all members of government to work hard to reduce military spending and direct these funds to domestic needs and also to immediately lower home loan interest rates.

In closing, we recognize the inadequacy of such legislation to seriously relieve the capitalist economic crisis, but it is a small step in the right direction, and it is a reform which can be won now. What we witness is the class struggle, the rights of workers versus the rights of investors. The struggle which will go on as long as capitalism exists.

○